

Representation

Draft Modification Report

0338V: Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence

Consultation close out date: 30 March 2012

Respond to: enquiries@gasgovernance.co.uk

Organisation: ScottishPower Energy Management Ltd

Representative: Gerry Hoggan

Date of Representation: 30 March 2012

Do you support or oppose implementation?

Not in Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

We are concerned at the reduced level of regulatory oversight that this proposal would bring and the potential for consequential compliance issues. As currently structured, all UNC Users are licensed entities with the obligations and ultimate sanctions that that brings and these safeguards would be lost for what at best appears to be fairly minimal benefits which have not been fully articulated.

Moreover, the proposed fragmentation and carve out of the required UNC provisions is extensive, as illustrated by the extent of the draft legal text, and at this time we are not confident that those obligations remain robust and that there is no potential for unintended consequences.

In addition, the proposal appears premature coming ahead of a final decision from Ofgem on their consultation into this issue and particularly in light of the current moves towards an EU-wide energy wholesale trading passport. Accordingly the existing arrangements should be retained and this proposal revisited, if necessary, only in light of the outcome of those developments.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

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Version 1.0

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Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We believe that the proposal may be discriminatory creating to some extent a "Trader Light" category that is not subject to the same rigours as current licensed entities, but enjoys reduced levels of regulatory oversight. This would have the potential to be detrimental to the relevant objectives particularly as regards securing effective competition in terms of objective (d). However allowing for the terms of that objective and its applicability, it may be arguable whether that objective is relevant as it makes no reference to the proposed new category of "Trader User" but rather is focussed on competition between shippers.

Beyond that we agree with the assessment within the draft report that it would lead to inefficiency in the implementation and administration of the code, particularly as regards the piecemeal carving out of obligations and responsibilities to be applicable to different categories of users.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

We do not anticipate incurring any immediate implementation costs but have some concerns over potential additional compliance costs that may arise.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

N/A

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

The proposed changes are extensive, with numerous interactions and cross-references, as well as the potential for unintended consequences. To that extent we have not been able to dedicate the time or resource required to analyse the text fully to satisfy ourselves that it is robust and delivers the intent of the modification.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No