

Representation received by Email

0374: Interruptible to Firm – Supply Point Transition

Date: 01 April 2011

Organisation: Wales & West Utilities

Abstract from email:

Comments/Questions:

Why Change

"customers will be exposed to ratchets without an appropriate period to verify peak load requirements and make appropriate amendments without being subject to penal charges."

The move to universal Firm will change the charging basis for these sites and remove the right from the Transporter to interrupt under certain circumstances. In terms of verifying peak load requirements I'm confused as to what changes in October will then allow sites to verify peak load requirements, why has this not already taken place or happening ahead of October 2011?

The issue of Interruptible sites and Ratchet charges was discussed as part of the DNPC03 / Mod 0210 work back in 2007, it was concluded at that time that Interruptible sites should continue to be protected from Ratchets during the Transition period (i.e. prior to October 2011) as this would give them time to adjust to the new regime and gain experience of their Capacity requirements, why is another year required?

"This approach is also consistent with the approach taken when introducing the new DME product (Modification 0224) which allowed an appropriate period to verify peak load before becoming subject to the ratchet charges."

The arrangements for DME were slightly different as the expectation was that existing NDM sites would participate in the regime. As NDM sites currently only have a derived SOQ, and do not receive DM reads from the Transporters, it was deemed appropriate for them to have such a bedding in period. This is not the case for Interruptible sites as they are already subject to the DM regime. The business rule 90a within Mod 0224 made this point quite clearly:

"R0090a - Soft landing is NOT required if the site is transferring from the DM regime as they will be aware of the correct SOQ detail ..."

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Solution

"This modification proposes that ratchet charges will not be levied for a Site transferring from 1st April 2011 until 30 September 2012"

Is the reference to 2012 a typo or is the proposal also intended to cover NTS arrangements?

Relevant Objectives

"Allowing a soft landing which protects consumers who may not be familiar with the forthcoming changes is consistent with efficient implementation of the UNC."

The changes being made in October 2011 are to the arrangements between Transporters and Shippers. The day to day operation of a customer's site should not be impacted by this – what might they not be familiar with and how does this impact on the administration or implementation of the UNC?

Impact & Costs

The proposal does not state whether it has any User Pays implications, presumably the costs (albeit apparently 'minimal') are expected to be funded by the Transporters – if so, what is the rationale behind this?

The proposal refers to the suppression of ratchet charges, has it been confirmed by Xoserve that this can be achieved or is this just an assumption?