

## Representation

### Draft Modification Report

#### 0374 - Interruptible to Firm – Supply Point Transition

**Consultation close out date:** 12 August 2011

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** E.ON UK

**Representative:** Brian Durber

**Date of Representation:** 11 August 2011

#### Do you support or oppose implementation?

Not in Support

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

Changes to the interruptible regime that see all existing interruptible sites become firm as of 1 October 2011 have been known about since 2007. Since then transporters and shipper/suppliers have engaged in an extensive communications programme. This has been both to inform customers of how to take part in the interruptible capacity auction process and to ensure that they were fully aware of the implications of ratchet charges should they remain DM. We cannot see how customers have not had the opportunity to verify their peak load requirements as they have in fact had four years to do so. By allowing some customers relief from penalties would seem unfair on others who have worked with their shipper/supplier in order to ensure that appropriate levels of capacity are booked. Implementation of UNC 0374 will see some firm DM customers subject to the ratchet incentive regime while others are not. The Proposer draws a parallel with the introduction of the DME regime. We believe that this comparison is flawed. The DME regime was intended for NDM customers who had neither experience of operating in the DM sector nor daily read data to allow them to assess capacity requirements. Existing interruptible customers have both DM sector experience and historical daily read data.

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

**Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

Implementation would distort competition between shippers and suppliers by allowing some firm DM customers to enter winter 2011/12 without being subject to the established ratchet incentive regime while at the same time other firm DM customers will be.

**Impacts and Costs:**

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

**Implementation:**

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

**Legal Text:**

*Are you satisfied that the legal text will deliver 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.*