

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: **Scotland Gas Networks & Southern Gas Networks**

Representatives: Colin Thomson & Joel Martin

Date of Representation: 10 July 2011

Do you support or oppose implementation?

Not in Support

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

The implementation of Mod 90 on the 1st April 2008 signalled to the industry the requirement to review and nominate a reflective SOQ by the relevant Shipper for the 1st October 2011 switch from interruptible to firm supply. This would seem to be an adequate timescale to allow shippers to have undertaken a discussion with their end users on their requirements. As no general interruption option will be in place after the 1st October 2011 DN's have planned to meet contracted SOQs / SHQs in Sites and Meters and a suitable contractual incentive is required (in the form of ratchet charges) for all firm DM supply points. The Proposer also states that a similar process was employed for the introduction of the Daily Metered Elective (DME) regime to allow Non Daily Metered supply points adequate time to establish sufficient meter read history to nominate a usage reflective SOQ and in turn that a mirrored requirement should be introduced for interruptible supply points switching to firm on the 1st October. This argument is flawed as current interruptible supply points are already included within the DM regime and have already been subject to the requirement to nominate accurate SOQs and SHQs. Further more the DME business rules specifically exclude DM supply points switching to DME from being exempt from ratchet charges for this very reason.

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

None

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Version 1.0

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Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

The Proposer of UNC Modification 0374 argues specifically that implementation of the proposal would better facilitate Relevant Objective "C" – Discharge of the licensee's obligations as it protects customers who may not be familiar with the forthcoming processes associated with the DM Firm regime. As we do not believe this to be correct for the reason stated above we do not agree that the implementation of this proposal would impact positively on the relevant objectives.

Impacts and Costs:

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

As per the User Pays guidance document 100% of the £50k implementation cost is allocated against Transporters.

Implementation:

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

This proposal could be implemented quickly if directed by the Authority.

Legal Text:

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

Yes.

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.

We have nothing else to be taken into account.