

## Representation

### Draft Modification Report

#### **0390: Introduction of a Supply Point Offtake Rate Review and Monitoring Process**

**Consultation close out date:** 06 January 2012

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

**Organisation:** **Corona Energy**

**Representative:** Richard Street

**Date of Representation:** 06 January 2012

#### **Do you support or oppose implementation?**

Qualified Support

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

Corona Energy believes it is the intention of the modification to ensure that SPORs submitted for a DM site are reflective of a customer's needs, so ensuring appropriate network planning by the DNs. We are supportive of this goal and further agree that the transporters should actively monitor a DM site's performance against its registered SPOR. We question the need to include a process in the UNC, as this modification proposes.

The UNC, being a contract between shippers and transporters, does not necessarily seem to be an appropriate place for a query process to reside and should rather be part of the normal communication and interaction between contracting parties. CE fear that creating a UNC requirement merely results in another, potentially onerous, obligation being placed on shippers, many of whom are smaller industry players concentrating on a niche end of the market.

Due to its inclusion in the UNC, the business rules places obligations on the shipper to review and justify the SPOR through a conversation with the customer for all the DM sites queried by the transporter. The proposer has made clear that this is expected to be a process that is used for a small number of sites each year. If a large number of sites were queried through this process, the viability of this process may be jeopardised. With the introduction of the Nexus system, the rollout of AMR and therefore the increased prevalence of DM sites this burden could be significant if the process is not carefully managed.

Finally, the process also effectively requires customers to commit to an SPOR two or more months before it is active, which could result in restricting a customers ability to vary its approach to a site or inaccurate values being submitted to cover potential demand profile changes which may not materialise.

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

We note that the business rules require the shipper to provide reasons and justification for why SPORs are maintained at the current level or are revised. Shippers will not always be able to verify a DM customer's SPOR or the reasons provided for setting it at the stated level. The legal drafting should make clear that the shipper is acting as an intermediary between the transporter and the customer in this case.

Also the modification does not recognise the possibility of the number of DM sites that currently exist to substantially increase if the new settlement framework proposed by Project Nexus is implemented. This could significantly increase the number of sites that would need to be monitored and so exponentially increase the resources required by both shippers and transporters to operate this process.

### **Relevant Objectives:**

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

We agree that this modification will further the economic and efficient operation of the pipeline network. In line with our comments above we question whether it is necessary to include this in the UNC however.

### **Impacts and Costs:**

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

We have been lead to believe through discussions with the proposer at the distribution workstream that the transporter will only query SPORs with the shipper on an exceptional basis where there is a material impact on the network. If this is the case, then the costs on shippers in handling such discussions will be manageable. If this process results in a substantial number of sites being reviewed and their SPORs challenged on an annual basis, then the costs could become onerous for shippers.

### **Implementation:**

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

We have no comments on the implementation timescales

### **Legal Text:**

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

The legal text allows Transporters to query an unlimited number of DM supply points and requires shippers to respond to each one. It also does not allow a shipper to reverse a SPOR response once provided to the Transporter even if incorrect.

### **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

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06 January 2012

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Version 1.0

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