

Representation

Draft Modification Report

0421: Provision for an AQ Review Audit (previously 0379A)

Consultation close out date: 10 December 2012
Respond to: enquiries@gasgovernance.co.uk
Organisation: **Corona Energy**
Representative: Gareth John
Date of Representation: 7 December 2012

Do you support or oppose implementation?

Not in Support

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

This proposal could lead to substantial additional costs for LSP market participants, and additional redistribution benefits restricted to SSP shippers. This is not a fair or proportionate approach given the commercial drivers for Annual Quantity (AQ) accuracy that already exists in the LSP market coupled with the provision of accurate metering data for the majority of LSP sites.

The existing AQ amendment & appeal processes constrain shippers ability to change AQ's to reflect the correct usage. Whilst shippers are responsible for obtaining reads and maintaining assets, often events will be outside the control of shippers. The onerous validation and AQ change submission rules often mean that reflective AQ's cannot be achieved. In addition shippers are reliant on third parties including Xoserve holding the correct information to enable accurate AQ changes to be made. There may be instances where Shippers elect not to change AQ's as to do so would then make the new AQ values inaccurate.

Implementing a regime where AQ performance is measured via meter AQ change throughput and then penalises shippers for lack of throughput could lead to deterioration in quality and accuracy of AQ's across the industry.

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

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

The introduction of shipper charges in connection with AQ performance could lead to shippers lodging inaccurate AQs in order to meet an AQ performance level causing deterioration in the accuracy of AQs.

We also believe this could potentially affect competition given the impact on smaller LSP shippers.

Impacts and Costs:

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

This modification will result in exposure to significant additional costs as an LSP shipper for Corona Energy.

In addition this modification will significantly increase the risk of unwarranted concerns around shipper activities, which may result in reputational damage.

Implementation:

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

We have no comments on implementation timescales.

Legal Text:

Are you satisfied that the legal text and the proposed ACS (see www.gasgovernance.co.uk/proposedACS) will deliver the intent of the modification?

We have not reviewed the legal text.

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

The current proposed changes in Nexus will enable shippers to correct reads more efficiently and drive more dynamic accurate AQ's. We anticipate the introduction of these changes will create more flexible and efficient processes that will facilitate improved review and updating of AQ's, removing some of the constraints that exist in the current processes. This should enhance AQ review capability for shippers and naturally facilitate more dynamic updating of accurate AQ's without the need for an AQ performance charging regime.

The potential introduction of this rolling AQ capability will enhance shipper's capacity to make accurate AQ changes and render the changes proposed in this modification redundant.

We also note the impact of the modification could result in a single or a small number of shippers paying the full administration costs of running the service.