

Representation

Draft Modification Report

0456 (Urgent): - Revision to the treatment of Allocation of Unidentified Gas for the 2013/14 AUG Year

Consultation close out date: 11 June 2013
Respond to: enquiries@gasgovernance.co.uk
Organisation: EDF Energy
Representative: Naomi Anderson
Date of Representation: 11 June 2013

Do you support or oppose implementation?

Support

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

EDF Energy supports this modification as we feel that the cost of unallocated gas should be allocated to industry participants in the fairest way possible. The methodology set out within the AUGGE statement is proven to be more robust than information used in previous years and there has been consensus amongst industry participants that the methodology is considered to be more accurate than the prevailing RbD process. It is widely recognised that historically domestic customers have picked up a disproportionate amount of unallocated gas. EDF Energy believes the timescales set out in the modification are achievable.

EDF Energy strives to ensure customer's energy bills are cost reflective and transparent yet the continued cross subsidy increases the risk which must be priced within customer tariffs. Cost reflective, predictable reconciliation costs would enable supply businesses to optimise their performance. The current RbD regime inhibits our ability to accurately forecast reconciliation costs and so the additional risk must be paid for by domestic customers.

If there are no changes to the existing applied AUGGE methodology for 2013/14, the cross subsidy will continue to the detriment of domestic consumers as they contribute to a larger share of the costs. Enabling earlier implementation of a methodology that has been developed in a transparent manner and that ensures the costs of unallocated gas are attributed to industry participants more accurately would benefit the domestic consumers. It will also create better cost targeting which should lead to improved competition amongst Shippers and Suppliers.

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

EDF Energy has no additional issues to be considered.

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Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

EDF Energy believes this modification supports the securing of the effective competition between relevant shippers through the better allocation of costs and reduction to the cross subsidy from the predominately domestic SSP sector to the predominately commercial LSP sector.

Impacts and Costs:

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

There are very few system and process changes to be considered. The modification amends the AUGÉ invoicing methodology which impacts one invoice per shipper per month.

Implementation:

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

EDF Energy agrees that the timelines set out explicitly within the modification should be adhered to during implementation.

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 further considerations.