

Representation - Draft Modification Report

UNC 0716 0716A

Revision of Overrun Charge Multiplier

Responses invited by: **5pm on 09 July 2020**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Gerry Hoggan
Organisation:	Scottish Power
Date of Representation:	9 July 2020
Support or oppose implementation?	0716 – Qualified Support 0716A - Support
Expression of preference:	<i>If either 0716 or 0716A were to be implemented, which would be your preference?</i> 0716A
Relevant Objective:	0716 a) Positive d) Positive 0716A a) Positive d) Positive

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

0716

The proposer recognises that the current level of multipliers appears not to have any historical rationale and is in need of major review to make the charges more proportionate and cost reflective, yet argues that the overall level of incentive should be maintained without any justification or supporting analysis for that position.

0716A

In contrast this proposal recognises that the fundamental structural change to the Charging Methodology will undoubtedly result in changes to parties booking behaviour.

Going forward it is not unreasonable to anticipate that parties will seek to secure capacity more closely aligned with their anticipated flows and that therefore the risk of overrun may theoretically become greater. However, it also recognises that the system is now largely unconstrained and that the potential for system issues arising from overruns is reduced as a result. It rightly reflects on the “penal” nature of the current regime and provides for an alternative, more balanced and proportionate incentive that is commensurate with the risks posed and consistent with similar provisions elsewhere in the UNC.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

0716 and 0716A

1 October 2020 to align with the implementation of the new Charging Methodology.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

0716 and 0716A

None

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

0716 and 0716A

Yes

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

0716 and 0716A

None

Please provide below any additional analysis or information to support your representation

0716 and 0716A

None