

Representation - Draft Modification Report UNC 0730

COVID-19 Capacity Retention Process

Responses invited by: **5pm on 05 November 2020**

To: enquiries@gasgovernance.co.uk

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

Representative:	Nigel Bradbury
Organisation:	Energy Intensive Users Group
Date of Representation:	02/11/2020
Support or oppose implementation?	Support
Relevant Objective:	a) Positive d) Positive
Charging Relevant Objective:	c) Positive

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

The impact of COVID 19 has created uncertainty in gas demands for many customers. As product demands have slowed, sites have closed or have reduced energy demands significantly. Government legislation has been a key reason for the reduced product demands (closure of conference centres or reduced activity in hospitality or construction for example).

EIUG supports this modification proposal as it will help reduce the fixed capacity charges for LDZ connected DM sites where their consumption has decreased as a result of the impact of the COVID 19 pandemic.

It should be noted that whilst this modification may provide some essential support to DM consumers, it is far from the wide-ranging support that was first intended. Many industries in the supply chains are impacted – not just those in certain postcode locations, or specifically referenced businesses in the government legislation.

However, any help and support this modification can offer would be valued – especially as government restrictions are increasing during the winter months. Without this financial support, many DM customers will close which will require the remaining customers to pay extra to fund the lost allowed revenue.

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

ASAP. Many industries have been struggling since March 2020 when the impacts of Covid19 were first being felt so it is vital that support is offered as soon as possible. EIUG would welcome any proposal to backdate the implementation to offer as much assistance as possible to DM consumers (as was intended with all of the COVID 19 modifications that were raised earlier in the year).

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

N/A

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

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.*

None

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

EIUG supports this modification to reduce the fixed capacity charges for LDZ connected DM sites from the date of implementation, but we would urge the implementation to be backdated to offer as much support as possible to businesses that are struggling with the effects of the pandemic.

Within the current health & economic climate, many DM 'industrial and commercial' consumers have reduced (or completely ceased) their levels of gas consumption due to falling product demands. Many do not know when normal operations will resume.

Due to the delay in this modification process, some consumers have resumed to some levels of operation, so it is uncertain how much benefit this mod will currently actually benefit consumers (given the requirement for de-minimus gas consumption to qualify for the isolation flag). However, some consumers still have not returned to normal operations, and given the increase in the restrictions, any financial assistance over the winter period may be a big help in ensuring UK businesses can continue operating into the future.

There is a slight concern over the transparency and timeliness of the process given there is no direct pass-through of the rebate to consumers. However, given the UNC is a contract between transporters and shippers, there will need to be a level of trust that shippers and suppliers are passing the rebates onto consumers in a prompt and efficient manner. If implemented, maybe a post event report should be written to assess how successful this modification was?