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5th November 2020
Your Reference: UNC Modification Proposal 0730

UNC Modification Proposal 0730 - COVID-19 Capacity Retention Process

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal which Cadent does not support.

Do you support or oppose implementation?

Oppose

Relevant Objective:

- a) Neutral
- d) Negative

Reason for support/opposition:

The modification, if implemented, would provide for a 50% rebate of Capacity Charges to Shippers for those Supply Points which have been isolated in accordance with Modification 0723.

Whilst we supported Modification 0723, we recognised the inherent weakness in the mod in that there was no way to either: -

- discern those sites isolated in accordance with 0723 from sites which have been physically isolated
- validate whether the sites isolated in accordance with 0723 actually met the criteria for Relevant Supply Meter Point.

So, while for pragmatic purposes we supported Modification 0723 as we viewed it would be a temporary arrangement, we are nervous about extending the provisions to form the basis of a list of Supply Points which can benefit from unchecked Capacity Charge reductions.

It is also unclear how implementing arrangements which would allow a Shipper to retain Network Capacity (for sites which could have access to other forms of Govt financial assistance) at a reduced charge and with the corresponding shortfall being passed onto other Shippers could be anything but negative to Relevant Objective D.

There is also a further weakness within the modification as there is no corresponding process/obligation to ensure that any Capacity Charge rebate is passed in full to the relevant supplier and ultimately to the end user.

Implementation

It is unclear at this point what systems or processes will need to be put in place by the CDSP before implementation could take place.

Impacts and Costs

We have not been able to calculate the potential costs of providing rebates to those sites isolated in accordance with 0723 given the inability of the CDSP to identify such cases. We are also unable to predict any future take up of the scheme given a 2nd or possibly 3rd wave of Covid. All costs would though be recovered from the generality of Shippers.

Legal Text

We are satisfied that the legal text meets the intent of the modification.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

We have not identified any errors or omissions.

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

Nothing further to add.

We trust that this information will assist in the compilation of the Final Modification Report. Please contact me on 07884 113385 (andy.clasper@cadentgas.com) should you require any further information.

Yours sincerely,

Andy Clasper