

UNC Representation received by Email

0664V - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4

Date: 12 October 2020

Organisation: Gazprom

Abstract:

Supports the principle of the Modification and want to provide support subject to our concerns being addressed.

As you know we were unable to support Modification 0664 due to it discriminating between a situation where there is a single Shipper & Supplier relationship and a Shipper & multiple Supplier(s) or multi party model

Further to our conversation today I note that the revised Modification now addresses a particular scenario in the Shipper & Suppliers multi party model i.e.

1. Where under a common Shipper a change of Supplier event occurs. In such circumstances the new Supplier is not subject to the lock out period applied to the incumbent Shipper. We welcome this amendment recognising that the new Supplier should not be exposed to the failure of the previous Supplier.

However our response to Modification 0664 highlighted a different scenario in the Shipper & Suppliers multi party model i.e.

2. Where a Shipper provides services for multiple Suppliers the application of the Performance Measure at the Shipper level e.g. 90% of 25% may mean that a particular third party Supplier(s) performance may have an adverse impact on the other Supplier(s) using that Shipper i.e. other Supplier SP's may be subject to sanction, where in a Single Shipper & Supplier model they would not.

To mitigate this risk we noted that the performance test should be applied, in these circumstances, at the relevant Supplier level where the Shipper and Supplier are separate entities.

This would ensure that a Suppliers treatment would be consistent and non-discriminatory whether they are under a single Shipper/Supplier or where they fall under multi party arrangements

As currently drafted 0664V does not address this point that we raised in our consultation response 19th March 2020:

Q1: Consider whether proposal has an impact on Shippers who ship for other parties?

In principle we support the intent of the proposal however we believe the proposed solution creates undue discrimination between Suppliers who use a third party Shipper and other Suppliers who do not. As we have set out to the proposer we believe any test should be at the relevant Supplier level which would ensure parties are treated fairly and equitably and no undue discrimination occurs due to the relative performance of another relevant Supplier.

We have highlighted these concerns, throughout the proposals development, namely that the proposed solution fails to address the scenario were a Shipper provides shipping services for third party Suppliers.

In such circumstances there will be a number of relevant Suppliers using a third party Shipper and determining compliance at the relevant Shipper level instead of the relevant Supplier level risks compliant Suppliers being unfairly and unduly penalised.

The provision of meter reads is not a relevant Shipper driven activity instead it is the relevant Supplier who is the key party who has the direct contractual relationship with the consumer and accordingly undertakes meter reading activities primarily for billing purposes.

Third Party Shippers provide choice a key route to market for new Suppliers entering the competitive market enabling innovate service offering for consumers across both the domestic and non-domestic energy markets. A regime that penalises relevant Suppliers performing above the required standard due to other relevant Supplier/s not meeting their targets is inherently unfair when performance can be measured at the relevant Supplier level thus ensuring a level playing field for market participants whether they self-ship or utilise a third party shipping arrangement.

Apologies but we had sought assurances that our concerns had been addressed however it appears that the solution applied whilst recognising a particular scenario does not address the scenario that we highlighted in our response

Regards

Steve Mulinganie

Regulatory Manager
Director Retail Energy Code (REC)

Director of I&C Shippers & Suppliers Trade Association(ICOSS)

Director ESTA Services Ltd (ASPCOP)

Non executive Director SPAA Ltd

Shipper Elected Representative on UNCC Mod Panel,

CDSP Contract Management Committees, EBCC &



DSCCC

Mob: +44 (0)799 097 2568 +44 (0)751 799 8178

steve.mulinganie@gazprom-energy.com | www.gazprom-energy.co.uk

5th Floor | 8 First Street | M15 4RP | Manchester



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