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To Rob

**Re: Ofgem's Minded-To Letter Regarding UNC0642 and 0642A: 'Changes to settlement regime to address Unidentified Gas issues'; and UNC643: 'Changes to settlement regime to address Unidentified Gas issues including retrospective correction'.**

Corona Energy would firstly like to thank Ofgem for providing Industry Parties the opportunity to comment on the minded-to decision letter issued on 7 June 2018.

It is Corona Energy's view that the current Unidentified Gas (UIG) arrangements are not fit for purpose and as the proposer of UNC Modification 0642 we remain concerned regarding the high levels of UIG that have been present in the market since the implementation of Project Nexus and the subsequent substantial pass-through charges to Shippers and, as a direct result, consumers. As such we believe that the currently proposed solutions detailed in UNC Modifications 0642 and 0643 should be implemented to allow for an interim solution while the CDSP undertake a wholesale review of UIG arrangements as detailed under UNC Modification 0658.

Corona Energy also appreciates the questions posed in Ofgem's letter, and we have provided our views on these:

- 1. Do you consider that we have appropriately identified and where possible quantified the impacts of the proposals?***

Corona Energy believe that Ofgem have not taken into full account the impact on



consumers as a result of current UIG issues. Some larger non-Domestic consumers are picking up large increases in cost as a direct result of the current arrangements where there are no tariff changes to help alleviate the financial burden that current UIG arrangements impose upon them, which we do not believe to be justified. Shippers are not able to absorb these costs in the long term due to the recognised high levels of UIG and if Ofgem reject the current proposals this will continue for the foreseeable future.

**2. Do you consider that there are additional impacts that we should take into account in our decision making process?**

It is our opinion that the impacts on consumers, both large and small, must be taken into account in Ofgem's decision making process. We understand the importance of ensuring central industry processes are correct, but we believe that even if these proposals are implemented as an interim until such a time as the CDSP have completed a wholesale review of UIG arrangements it will relieve the growing pressure on both Shippers and consumers.

**3. Do you agree that the current gas allocation arrangements should be assessed during a period in which all UNC obligations are being fully discharged and/or input processes are working as intended, before a conclusion can be properly made that further fundamental modification is appropriate?**

We agree that it is imperative that all Shippers are compliant with their UNC obligations, however with the and high cost of current UIG arrangements we believe a more pragmatic approach would be for a decision to be made as soon as possible to ensure the impact on consumers is mitigated as much as possible.

**4. Do you consider that the AUGE terms of reference should be amended such that it has the explicit objective of developing a methodology that incentivises shippers to reduce unidentified gas?**

In principle Corona Energy would not be supportive of these amendments to the AUGE terms of reference as this would not solve issues of daily volatility of the current UIG arrangements and does not solve the underlying issues of UIG in the long term.

Corona Energy once again thanks Ofgem for their opportunity for comment on their minded-to letter, and look forward to their formal decision on UNC Modifications 0642 and 0643.

Yours sincerely,

**Dan Fittock**  
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