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Dear Jonathan,

UNC642 and 642A: 'Changes to settlement regime to address Unidentified Gas issues'; and UNC643: 'Changes to settlement regime to address Unidentified Gas issues including retrospective correction'

Thank you for the invitation to respond to the above document. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. Good Energy is working towards a 100% renewable future, helping to support technologies including wind, solar, biofuel, hydro and tidal. Our purpose is to power the choice of a cleaner, greener future together.

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

Although there has been some work to identify impacts. We have concerns that the analysis has not taken due consideration of the unique challenges faced by smaller suppliers who are reliant upon third party shippers.

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

The impacts on smaller suppliers, and those that are not their own shipper, must be considered. Smaller suppliers, by their nature, often do not have the same financial reserves as their larger counterparts with which to weather the significant financial cash-flow issues stemming from UIG. The use of a third party shipper also means there is less transparency of the charges coming from the industry, as often they may be aggregated before being passed through to the supplier.

It's not clear that Xoserve has yet done the appropriate analysis to facilitate an optimal solution coming forward through the code modification process. An instruction from OFGEM to Xoserve to carry out such analysis is likely to facilitate a faster, and more effective, solution being found.

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 properly be made that further fundamental modification is appropriate?

Every step should be taken to deliver a solution as quickly as possible. Any delay has significant negative financial consequences, particular for small suppliers which typically operate in the most competitive area of the market.

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

It is not clear how this objective will be placed upon shippers which act on behalf of smaller parties, without it simply resulting in costs being passed through. In addition, any developments in this space must only be progressed if they maintain the full independence of the AUGE.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

Dr. T Steward