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Bob Fletcher  
Joint Office of Gas Transporters  
[Via email ]

27<sup>th</sup> August 2013

Dear Bob,

1. Thank you for the opportunity to respond to the GDNs' leakage and shrinkage model consultation number 4. This is a non confidential response on behalf of Centrica Group, excluding Centrica Storage.
2. Our response answers the specific questions within the GDNs' consultation and then raises our other issues in relation to shrinkage and leakage.

Question 1. If the SLM is modified in the manner set out in section 2.1, should the allowed Shrinkage and Leakage volumes be revised as set out in Tables A1 and A2 respectively?

3. Whilst we agreed that the low pressure service pipe calculations could be amended to improve the shrinkage and leakage model, we do not agree with all the proposals in section 2 of the consultation. There has been no transparency over the calculations used by the GDNs in assessing the impact on the baselines over the whole GD1 period and so we can have no confidence that the cumulative calculations in table 2.1.2 are correct. We request that the underlying calculations are published to help users verify this modification. We are keen to understand how the basic assumptions for the baseline targets change over the GD1 period and how they interact with the actual service replacement over time.
4. We still have an outstanding question from the Shrinkage Forum – why are National Grid significantly more impacted by the service pipe change than the other GDNs? We feel that gas shippers need to understand the comparison to help make an informed decision about the impact on the model. The proposed changes in baselines for NGGD currently look out of place with the other GDNs and intuitively feel wrong.

Question 2. Is it appropriate to include the proposed text set out in section 2.2 so that the SLM reflects the existing processes for determining Theft of Gas and Own Use Gas volumes within shrinkage?

5. Yes, we agree it is appropriate to include the wording for TOG and OUG.

#### Other issues

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6. We have concerns that the Above Ground Installations project will incur further delays if this review and modification is implemented. We would rather the net impact from both the service pipe transfers and the AGI project were completed together and save a potential seesaw effect on the shrinkage baselines. We hope that by implementing the two changes together would encourage the GDNs to finish and report back their findings on the AGI venting.
7. We are concerned that the GDNs have chosen to give users the minimum consultation period during the peak holiday season. We recognise that this consultation has been discussed over the past year, however the impact has changed and as all users need to ensure full internal discussion before reaching conclusions this timing is likely to reduce the number of responses.
8. We hope you find our answers and comments useful, we are happy to clarify further if required.

Yours sincerely,

Rochelle Harrison  
Network Regulation Manager  
British Gas