

Representation

Draft Modification Report

0339 0339A – (Alternative to Mod 0339), Clarification of the AUG Year in respect of UNC Modification 0229

Consultation close out date: 14 February 2011

Organisation: npower ltd

Representative: Jonathan Wisdom

Date of Representation: 11 February 2011

Do you support or oppose implementation of 0339 or 0339A?

0339 - Not in Support

0339A - Comments

Please summarise (in one paragraph for each) the key reason(s) for your support/opposition.

npower wishes to see a fairer allocation of unidentified gas between the SSP and LSP sectors. Both the Proposal and the Alternate achieve that objective, however, it is clear that 0339 further prolongs the cross-subsidy of the LSP market. As such npower cannot support a Proposal that does not alleviate the issues the SSP market faces as soon as possible.

We only feel able to offer comments on 0339a as it diverges widely from the original 0229 Proposal, however, we recognise that it does seek to alleviate the burden placed on the SSP sector more quickly than 0339. Our issue is that expectation has been set of a process beginning in April and as such we feel this Proposal does not fulfil that current expectation. We also question how it would fit with the current AUGE/AUGS timeline detailed within the AUGE guidelines

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

Relevant Objectives:

How would implementation of either modification impact the relevant objectives?

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Standard Special Condition A11.1 (d): so far as is consistent with sub paragraphs (a) to (c) the securing of effective competition:

- (i) **between relevant shippers;**
- (ii) **between relevant suppliers; and/or**
- (iii) **between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.**

We believe that implementation of Modification 0339 would detrimentally affect the relevant objectives as it would not secure effective competition as soon as the current UNC drafting. Our view is that any further delay on the part of the LSP sector in taking a share of unallocated gas will result in inequity across the industry. We also believe there has been ample time to notify customers of this re-balance of charges and as such there is no justification in further delaying the reallocation of costs.

Standard Special Condition A11.1 (f): So far as is consistent with sub-paragraphs (a) to (e) the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

npower's view is the current UNC drafting is clear in its interpretation of the relevant date of affect of Modification 0229 and as such this Modification does not meet this relevant objective.

Impacts and Costs:

What analysis, development and ongoing costs would you face if either modification were implemented?

If modification 0339a was approved we would need to reassess the impacts across the portfolio as it is a departure from the original AUGÉ timescales of April reallocation.

Implementation:

What lead-time would you wish to see prior to these modifications being implemented, and why?

N/A

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

NB: while formal legal text has not been provided, Suggested Text has been included in the modification and comments on this will be helpful when the text is finalised.

The suggested text appears to deliver the Proposer's intent.

Which modification do you prefer?

Please provide details if you have a preference for the implementation of either Modification 0339 or 0339A

We do not wish to see implementation of Modification 0339, however, the apparent implications of the Alternative we do not think have been appropriately explored and as such we can only offer our comments on this.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

It is our view that the origination of these issues is due to a lack of proper consultation mainly regarding provision and alteration of the legal text. We would urge all parties to ensure that this ambiguity is removed by allowing proper consultation on the legal text as well as the intent of the Proposal.