

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: **E.ON UK**

Representative: Brian Durber

Date of Representation: 11 February 2011

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

0339 -Not in Support

0339A -Support

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

0339 – We do not support 0339 as it continues to leave SSP shippers exposed to inaccurate costs for an unacceptable time.

0339A – We support 0339A. It provides a solution to the problem of balancing the need to protect LSP shippers from the risk of exposure to unknown costs which they cannot include in customers contract rates; and the need to ensure that SSP shippers are not exposed to the burden of inaccurate costs for an unacceptable time. It achieves this by creating a date of 1 October 2011 for the application of the allocation of unidentified gas. This date falls in line with the timetable for the creation of the AUGS which incorporates the publication of indicative methodology on 1 May and final version no later than 1 August. It will therefore ensure that all parties have a clear indication of eventual costs to facilitate planning and pricing decisions in time for the main I&C contracting round which falls in October. The 1 October applicable date will also provide an incentive on the AUGS to deliver the AUGS to the prescribed timeline.

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?

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (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;

0339A will ensure that the appropriate allocation of unidentified gas to different market sectors occurs without unnecessary delay. The 1 October applicable date fits with the AUGS creation process and will therefore ensure that all parties have a clear indication of eventual costs to facilitate planning and pricing decisions on an equitable basis.

Impacts and Costs:

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

Changes to pricing systems parameters would be required but these are business as usual so no additional costs are envisaged.

Implementation:

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

We would welcome immediate implementation should Ofgem so direct.

Legal Text:

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

Yes

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.

Which modification do you prefer?

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

We support 0339A but not 0339

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.

