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12th January 2010

Re: UNC Modification Proposal 0278 “Amendments to NTS Shrinkage Reporting Process”

Dear John

Thank you for the opportunity to comment upon this Modification Proposal. Wales & West Utilities Ltd (WWU) are **supportive** of the implementation of this Modification Proposal.

The Modification Proposal seeks to change 4 main elements in relation to NTS Shrinkage;

1 - Amendment to publication date of Annual NTS Shrinkage Forecast

Implementation of this Modification Proposal will align the reporting of NTS Shrinkage with the Formula Year rather than the Gas Year. This is consistent with the recent changes to the LDZ Shrinkage regime and will allow for the Total System Shrinkage to be compared and assessed on a consistent basis. The change to Formula Year has no detrimental impact on the NTS Shrinkage regime and we do not believe this presents any disadvantages.

2 - Amendment to NTS Shrinkage Factor Calculation

Unaccounted for Gas (UAG) forms a component part of the NTS Shrinkage calculation and is currently calculated on and based on a flat monthly value. It is our understanding that NG NTS are now able to calculate, or estimate, this on a daily basis and this will therefore lead to an improvement in the accuracy of the overall daily NTS Shrinkage quantity.

3 - Cease publication of Month ahead NTS Shrinkage Factor forecasting

NG NTS are currently required to produce a month ahead report that details the estimated NTS Shrinkage Factor forecasts. This report is apparently inaccurate and not utilised within the industry. Removal of this requirement seems a sensible measure and we are not aware that any consequential impacts have been identified.

24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored
caiff galwadau eu recordio a gellir eu monitro

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4 - Clarification of publication times of Assessed Shrinkage

There is currently a mismatch in reporting requirements between the UNC TPD Section N and the NCORM publication (also a UNC obligation for NG NTS). NG NTS could opt to amend either publication date but have chosen to change the date within the UNC TPD Section N; we see no issue with changing either date.

Although the changes above appear to be minor tweaks to the administrative processes associated with NTS Shrinkage, we believe that implementation of this Modification Proposal would better facilitate the following relevant objective:

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

Improving the calculation of the UAG component of NTS Shrinkage will improve the accuracy of the NTS Shrinkage Factor estimate as required under UNC TPD Section N. The removal of the somewhat unnecessary reporting, and the mismatch in reporting dates, will also lead to the promotion of efficiency in the administration of the Uniform Network Code.

Suggested Legal Text

We have identified a slight error in the suggested legal text that has been provided within the Modification Proposal. The text refers to the Preceding Year whereas we believe this should refer to the Preceding Formula Year. The term Preceding Year is used to refer to the year prior to the current Gas Year and would result in providing the NTS Shrinkage forecast some 13 months in advance; this was obviously not the desired intent. The term Preceding Formula Year was introduced as part of Modification Proposal 0225 ("***Revised Timescales for LDZ Shrinkage Arrangements***") when changing the LDZ Shrinkage regime to be based upon the Formula Year rather than the Gas Year.

We have already made NG NTS aware of this issue and we can confirm that we do not believe that this matter has led to any confusion and does not constitute a matter that would require further consultation.

If anyone has any questions relating to this representation then please do not hesitate to contact me.

Yours sincerely

{By email}

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