

Representation

Draft Modification Report

0421: Provision for an AQ Review Audit (previously 0379A)

Consultation close out date: 10 December 2012

Respond to: enquiries@gasgovernance.co.uk

Organisation: **Scotland & Southern Gas Networks**

Representative: Erika Melén

Date of Representation: 10 December 2012

Do you support or oppose implementation?

Comments

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

We do support the intention of this modification in its aim to improve AQ performance and consumption history. Although the modification should ensure better read and AQ update performance it is difficult to know whether the 85% alone is a fair determination of performance as a Shipper could reduce 85% of its sites' AQs and still meet the performance level. There is also no challenge process within the modification which could be used should there be legitimate reasons for the under-performance.

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

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

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Version 1.0

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We note the proposers view in regards to objective a) that "By driving more accurate AQs through incentivising update performance Transporters will have a more accurate picture of customer demand. This in turn will be able to be factored into decisions on system capacity and investment, ensure that Transporters can accurately assess and levy transportation costs to the correct market segment and bring benefits to security of supply. In addition by having more up to date and accurate AQs the Transporters may I not have to request network investment funding through the Price Control, when it may not be necessary." We do not feel that this is an accurate statement as AQ values have very little influence on how we assess capacity requirements on our network.

In regards to Relevant Objective c) we note the statement "All Licenced Gas Transporters have a requirement to levy transportation charges accurately. We believe that the current issues outlined in this modification, which details the issues with the current AQ Review Process, data quality and update performance and the lack of monitoring and scrutiny are hindering the Transporters from meeting this obligation." We do feel that this statement is invalid – Transporters levy costs accurately at present based on the information provided to us by the industry. Hence this modification cannot affect the accuracy of how we allocate charges, only the information that this is based upon.

Impacts and Costs:

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

We note the proposers view that the set up costs should be allocated 50/50 Transporters and Shippers due to the benefits more accurate AQs could offer to Transporters. We do however strongly disagree with this. As stated above, AQ values do not form the basis of our network analysis and so we would see little to no benefits in this area whilst shippers could see considerable benefits.

Considering this reasoning we support a User Pays arrangement based on a 100% User 0% Transporter split of charges.

Implementation:

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

Legal Text:

Are you satisfied that the legal text and the proposed ACS (see www.gasgovernance.co.uk/proposedACS) will deliver the intent of the modification?

Yes

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.

No