

08 June 2007

Julian Majdanski
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Dear Julian

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**Response to Uniform Network Code Modification Proposals:
0136 Reconciliation following AQ amendment where an SSP
becomes an LSP prior to calculation of Provisional Annual Quantity.**

Thank you for the opportunity to respond to the above modification proposals. Gaz de France ESS does not support the implementation of modification proposal 0136.

Modification proposal 0096 sought to introduce the removal of the exclusion contained in UNC section E 7.4.3c and was subsequently rejected by the authority on the grounds that it would remove an incentive for shippers to proactively monitor and revise AQs in a timely manner. The introduction of a 10% discount for charges contained in the revised proposal 0136 does nothing to improve this incentive over and above that proposed in UNC 0096. There must continue to be a reasonable incentive for shippers to correct AQs in this regard and improve the data held by the community to ensure fair cost allocation via the reconciliation process. Incentivising shippers to move to individual meter point reconciliation is a benefit to the community as a whole and removes further errors in the RbD segment where costs are spread arbitrarily.

Indeed the incentive provided for in UNC section E7.4.3 should be retained as it acts in a similar manner to that of USRV incentive arrangements in terms of improving reconciliation and RbD error. It is currently proposed to deepen these incentives under modification proposal 0141/141A, a move which has been broadly welcomed by most industry participants.

This modification proposal 0139 does not further the relevant objective SSC A11.1 (d) "securing effective competition between relevant shippers and suppliers" in respect to fair cost targeting. Additionally, the retrospective aspect to this modification proposal whereby the efforts already made this year to correct AQs prior to the issue of Provisional AQs will be undone.

I trust these comments are helpful, if you have any queries regarding this response please contact me on 0113 306 2104.

Yours sincerely



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