

Bob Fletcher
Secretary UNCC
Joint Office of Gas Transporters

17th May 2017

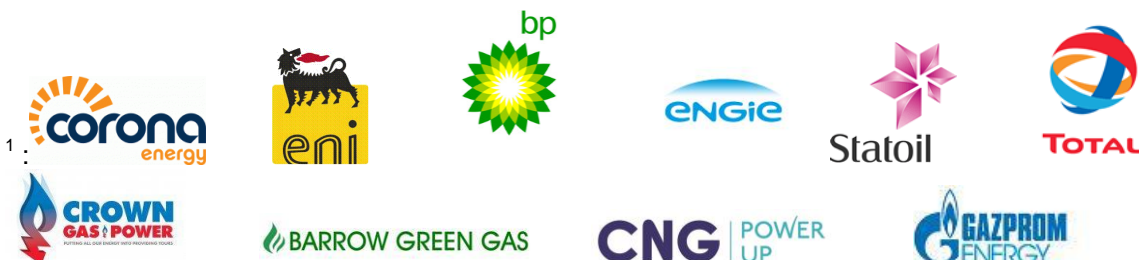
AUGE proposals regarding Shrinkage Error in AUGÉ statement for 2017/2018.

The Industrial and Commercial Shippers and Suppliers (ICoSS) group is the trade body representing non-domestic industrial and commercial (I&C) suppliers in the GB energy market. Members collectively supply three-quarters of the gas needs of the non-domestic sector as well as half of the electricity provided by non-domestic independent suppliers¹.

I am writing regarding the AUGÉ presentation to shippers on 12 May 2017, in which it set out its proposed treatment of a “new concept” of Shrinkage Error which it believes is residing in Unidentified Gas (UG). As you will be aware we do not support the AUGÉ extending its scope by determining Shrinkage Error. The transporters, who under licence are responsible for the shrinkage process, have already assessed this report and undertaken to review the current shrinkage calculation in a number of areas as a result.

ICoSS maintains the view that, irrespective of the merit of the report’s findings, there is an existing Licence mechanism for determining shrinkage volumes in the market; the AUGÉ should not be used to “reopen” the Shrinkage determination already undertaken in accordance with the Transporters relevant Licence Condition

Though the AUGÉ has published the draft AUGS incorporating a substantial shrinkage error in the scaling factor calculation, it did indicate that it would “act” if there was an “official communication.”² regarding its proposed incorporation of an element of Shrinkage Error in its calculation.



² Slide 8, AUGÉ statement presentation published 8 May 2017.



Through discussion with the AUGE on 12 May 2017, they believe that the shrinkage forum is where such a communication will come from. As you will agree, the shrinkage forum does not have any form of vires under the UNC and so by definition cannot provide an “official communication.” The UNCC however does have oversight of the AUGE process (as part of the UNC) including, but not limited to, the approval of the AUGE statement.

We therefore request that the UNCC consider the proposals of the AUGE and if it believes it is appropriate formally notify the AUGE of its desire to exclude the shrinkage error from its calculation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Evans'.

Gareth Evans
Chair ICoSS