

5th August 2010

NDM Proposals and Capacity Estimation Parameters 2010/2011

Under Section H of Network Code Users have an opportunity to request disapproval of the Transporter proposals.

E.ON has a number of concerns about the Seasonal Normal methodology that has been used and is going live this year. Transporters have informed DESC that the ability to request disapproval of seasonal normal is outside the scope of the process. As the seasonal normal values underpin all the parameters for the profiles this appears to be a huge gap, especially given the unanimous disapproval from the Shipper community of the methodology used by Transporters, evidenced by three representations during this year's consultation. I believe this may well be the first year ever that multiple representations have been received.

It is our belief that there are serious flaws in the methodology employed, and if we were allowed the opportunity to request disapproval of seasonal normal values we would certainly have been doing so.

The standard profiles have again been issued for consultation with the same issues as we have raised representations on for a number of years. We have been disappointed that at every stage the Transporters have refused to amend the profiles or to improve their analytical process to remove the issues raised. We have serious concern about the standard of analysis used in developing the profiles. In addition the lack of time has been cited on multiple occasions, which is disappointing given the 18 month notice of a number of issues with the latest proposals.

Had xoserve not looked to make some amendments for the largest issues within this years proposals we would certainly have been requesting disapproval from Ofgem. Given some movement has been made to adjust the main issues we are not taking that step this year. However, we will be expecting some significant improvement to the analysis and responsiveness to the industry requirements to prevent us requesting disapproval in future years.

Review group 280 has been raised to help improve industry participation in the Demand Estimation area with a view to being able to improve the standard of analysis to a satisfactory level through co-operation across the industry. Hopefully the Modification that is in the process of being raised from this review will enable significant improvements in this area given the large risk Shipper organisations face from allocation and reconciliation.

We would appreciate Ofgem's views on how the industry is currently able to challenge the seasonal normal values and process if this is outside the scope of DESC.

Regards,

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