



8 November 2017

ICoSS Response to Non-domestic smart metering: policy proposals and draft legal text

The Industrial & Commercial Shippers & Suppliers (ICoSS) is the trade body representing the majority of the GB non-domestic energy market. Our members, who are all independent Suppliers, in total supply in excess of three quarters of the gas and half the electricity provided in the highly competitive non-domestic market.

We believe that the transporters should seek to undertake a review of shrinkage to ensure that it is not contributing to Unidentified Gas and so prevent a repeat of the situation where the AUGE and the transporters disagree with each other over the level of shrinkage error present in Unidentified Gas.

The scale and unpredictable nature of Unidentified Gas that the market has experienced since Project Nexus Go-live has been far greater than anticipated. Any error in the shrinkage calculation will be passed onto the market, increasing the volume and volatility of Unidentified Gas. It is therefore vital that the shrinkage process is seen to be both robust and transparent, so that shippers can be confident that they are being allocated only those losses that are currently their responsibility (that is, downstream of the Emergency Control Valve).

The industry is currently focusing on understanding and addressing other potential sources of Unidentified Gas (such as the NDM algorithm), it is appropriate that the transporters undertake a thorough and fully transparent review of the shrinkage and leakage model as soon as possible, providing its detailed findings to shippers to the level where they can gain confidence that the shrinkage process is robust. This will provide clarity to the AUGE that shrinkage volumes are being properly managed and so avoid a repeat of the process overlaps that occurred earlier this year.

Should you wish to discuss any aspect of this response please contact me directly

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