

Modification Panel Secretary  
Joint Office of Gas Transporters  
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8 June 2007

Dear Julian,

**Modification Proposals 0141 / 0141A: Revision to the ‘User Suppressed Reconciliation Values’ Financial Incentives Arrangements**

Thank you for the opportunity to comment on the above UNC Modification Proposals.

Total Gas & Power Limited (TGP) is strongly opposed to the implementation of both Mod 0141 and Mod 0141A.

Although TGP recognises that there are shortcomings in USRVs, and fully welcomes a review of USRVs, it would prefer to target the various issues causing the current problems with USRVs as opposed to seeing an increase in penalties. TGP would like to see these issues resolved first, and then reassess the situation if the problem continues.

It therefore feels that neither Mod 0141 nor Mod 0141A are appropriate solutions to the current situation.

TGP notes that in Mod 0141, BGT acknowledges that if the level of un-reconciled meter readings continues to grow then RbD users would continue to suffer from the current level of financial uncertainty created by the unresolved items.

TGP is uncertain of the level of financial uncertainty affecting SSPs and would like to make the following points:

1. Filter failures arise because there is a discrepancy between the quantity deemed (based upon the AQ) and the quantity actually recorded. Therefore gas is allocated and charged in line with the AQ even if the read fails the validation and creates a filter failure.
2. Filter failures arise as a result of a large discrepancy between deemed and actual consumption. If one looks at the causes of these failures it is typically because errors have been made, for example in reading the meters. Therefore, the failure and the values associated with the failure are typically wrong, which is why they are pushed out as a failure. The actual consumption for this period is typically in line with the deemed consumption.
3. The failures work both ways, and it is TGP's view that the overall net value of the outstanding



filter failures is neutral.

TGP believes that the shippers are not ignoring the filter failures as it is not in their interests to do so. TGP considers that would be **more** in the interest of the non RbD users to do so, as it directly affects their imbalance and their ability to reconcile their accounts.

TGP argues that the root cause of the delay in clearing outstanding filter failures is not for financial gain but for other reasons as follows:

1. There is a natural time lag in resolving filter failures. For example, recent filter failures relating to the latest reconciliation period cannot be resolved until the next read is loaded.
2. Filter failures can be complex and can involve more than one shipper, which adds delay.
3. The IT infrastructure through which resolutions occur is slow and tedious.
4. Filter failures can be dealt with by a shipper but still referred back with a different Conquest reference number (QMP). There are therefore two filter failures recorded in respect of the same issue and the first filter failure is not regarded as resolved until the second one has been dealt with. The following are some of the reasons for this:-
  - Incorrect transfer reads generating negative consumption; and
  - Recommended resolutions have failed suppression guidelines the second time resulting in manual intervention by Xoserve.
5. Some filter failures are passed to Xoserve to resolve on the shippers behalf, but they remain on our worklist.

If Xoserve has any difficulty in resolving these failures, then the responsibility to resolve them falls on the shipper.

Although in Mod 0141A, E.ON recognises that Mod 0141 does not take into account that there may be genuine reasons why USRV's are occurring, such as mismatched meter asset data items and that these issues could affect new entrants and shippers acquiring supply points, through no fault of their own, Mod 0141A does nothing to resolve these issues.

Consequently, increasing the penalties would make no difference to the resolutions, as the root causes will still be there. TGP would like to see these issues resolved first, and then reassess the situation if the problem continues. We therefore cannot support either of these Mods.

We hope you find our comments useful and should you have any queries then please do not hesitate to contact us.

Yours sincerely

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