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Re: Proposed UNC Modification 0186 and Proposed UNC Modification 186A: Provision of Cost Information

Dear Julian,

As the proposer, RWE Npower supports Proposed UNC Modification 186 and does not support Proposed UNC Modification 186A.

As a good will measure, the DNs are already supplying the information requested by the Modification and its amendment. This has been well received by the Shipper community, and also demonstrates the general acceptance of the principles of the Proposed UNC Modification 186.

Whilst the two proposed UNC Modifications are very similar in their general substance, there are some points of difference which are explored below:

The main point as articulated in Proposed UNC Modification 186A under Section 1a, page 1 paragraph 1 is the treatment of the period leading up to the next Price Control, when information about the price control elements will not be available. We believe that our Proposed UNC Modification 186 does not imply that DNs have any better information than shippers in respect of the new Price Control. Furthermore, as discussed in the Review Group, each DN has the option of publishing a disclaimer along with the data to emphasise this point. Waiting for initial proposals before publishing future Price Control information will lead to gaps in the quarterly report, which is unacceptable to Shippers.

We object to the assertion in Proposed UNC Modification 186A under section 1a page 2 paragraph 2 that '*Any projections beyond the existing price control could be misleading and not in keeping with the purpose of this Modification proposal.*' The Shippers will be fully aware that projections into the next Price Control will be on the basis of agreed assumptions and treat them accordingly.

Proposed UNC Modification 186 section 1a page 3 paragraph 2 contains the sentence: '*Shippers are currently unable to forecast future revenues with any certainty and cannot accurately assess future changes to transportation charges.*' Proposed UNC Modification 186A removes this sentence, and we are interested to know how a DN is able to counter this assertion.

We believe the legal text for the UNC will be important since Proposed UNC Modification 186A shows that some DNs are nervous about committing fully to the spirit of Proposed UNC Modification 186. We would like to see the legal text provided before a decision is made on these proposals.

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In summary therefore we believe that UNC Proposed Modification 186 is the better enunciation of the principles of information provision already agreed between the Shippers and the DNs.

If you wish to discuss any points raised in this response further, please do not hesitate to contact me.

Regards,
Dennis Timmins,
Network Charges Strategy Manager