

John Bradley  
Modification Panel Secretary  
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Dear John

**Modification Proposals 0194: Framework for the correct apportionment of NDM Error / 0194a: Framework for the correct apportionment of LSP unidentified gas**

Thank you for the opportunity to comment on the above modification proposal. Statoil (UK) Ltd (STUK) is not in support of modification 0194, but would like to offer support for modification 0194a and as such would like to make the following comments.

STUK agrees with the basis of both proposals, that it is inappropriate for one sector of the gas market to bear all the costs of unallocated gas, and has been an active participant in the working group meetings discussing potential solutions to this issue.

The investigations undertaken as part of the workgroups activities have demonstrated that whilst there is a body of anecdotal evidence indicating that some unidentified gas which would properly be allocated to the LSP market is being allocated to the SSP market, there is not any definitive evidence of LSP contributions to the overall RbD error.

Modification proposal 0194 suggests extending the RbD mechanism to include the LSP market, by the introduction of an RbD allocation table in to the code. This could then be populated by further UNC modifications to apportion a percentage of RbD value, attributed to areas such as late confirmations and shrinkage, across market sectors.

This approach suggests that there is a link between the size of the RbD energy allocation and the energy which should be applied to individual error categories, this is not the case. It is unreasonable to argue that as the RbD volume changes there is a proportionate change in the volume of gas lost to for example theft. 0194 also does not recognise the differences in supply type between domestic and I&C supplies and the variations in offtake between SSP and LSP consumers nor does it seek to share any of the cost savings associated with RbD to the I&C sector.

Modification proposal 0194a suggests a more logical approach and seeks to introduce the 'Large Supply Point unidentified gas allocation table' into the code (again to be completed by further UNC

modification), maintaining the separation between the LSP and SSP NDM markets. By using a methodology based on the shrinkage allocation, a clear and simple framework to allow consideration of the levels of unallocated gas to be allocated between LSP shippers will be introduced. By not assuming a linkage between RbD volumes and contributions to unidentified gas, a more level playing field between all shippers will be maintained ensuring that there are no cross subsidies between the SSP and LSP sectors.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely

Shelley Rouse.  
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Statoil (UK) Ltd