



Mr. Bob Fletcher
Joint Office of Gas Transporters
First Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

YOUR REF UNC MODIFICATION 0317/0317A
OUR REF
NAME Jonathan Wisdom
PHONE 0121 336 5260/ 07584 491508
E-MAIL JONATHAN.WISDOM@NPOWER.COM

01st September 2010

UNC Modification Proposal 0317/0317a: “Interim Allocation of Unidentified Gas Costs”

Dear Bob,

npower would like to offer comments and response to UNC Modification 0317 and 0317a. npower does not support the implementation of Modification 0317 but does support the implementation of the alternative in so far as it is implemented ahead of Modification 0327.

npower wishes to see a fairer allocation of unidentified gas between the SSP and LSP sectors.. Modification 0317a fulfils that objective whilst also ensuring that when the AUGGE (Allocation of Unidentified Gas Expert) is appointed, as specified within Modification 0229, the correct amount of gas is removed from the SSP sector to correct these initial values.

We do however have a major concern with the values proposed within 0317 and 0317 as they do not reflect the volume that will be moved from the SSP market to the LSP market. Industry participants will not be able to appropriately price and recover additional costs from their customers. Although we acknowledge that protecting customers from large price increases in the short term is vital the values expressed within 0317/0317a of the likely volume and cost attributed to the LSP market is likely to further harm customers in the long term as Shippers seek to recoup increased costs imposed by the AUGGE.

We will provide detail in a separate response on Modification 0327 but we believe that the values within 0327 are more realistic and closer to the likely outcome of the AUGS (Allocation of Unidentified Gas Statement) than those initially proposed by 0317/0317a. As Modification 0327 allows for reconciliation of the values and volumes contained within the AUG table to those assessed by the AUGGE it better meets the objectives and principles of allocating unidentified gas to all market participants in the event that this analysis needs correction.

On a separate note npower would strongly support the swift completion of the tender and therefore the appointment of the AUGGE to complete the AUGS

RWE npower
2 Princes Way
Solihull
West Midlands
B91 3ES
T +44(0)121 336 5100
I WWW.RWENPOWER.COM

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
Registered in England
and Wales no. 3892782



ahead of the invoicing process in 2012. Although we understand this is a piece of work that is complex we feel that without the AUGS being released on schedule there will be considerable delay while regulatory and possibly legal challenges are resolved between the affected participants

If you wish to discuss any of the views expressed in this letter then please contact me using the details given above.

Kind Regards

Jonathan Wisdom

Dual Fuel Codes Manager

(Sent by e-mail so unsigned)

[RWE npower](#)

2 Princes Way
Solihull
West Midlands
B91 3ES

T +44(0)121 336 5100

I WWW.RWENPOWER.COM

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782