



Mr. Bob Fletcher  
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YOUR REF UNC MODIFICATION 0327  
OUR REF  
NAME Jonathan Wisdom  
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01<sup>st</sup> September 2010

## UNC Modification Proposal 0327: “Alternative to Interim Allocation of Unidentified Gas Costs”

Dear Bob,

npower would like to offer support for UNC Modification 0327.

npower believe, as mentioned in our response to Modification 0317/0317a, that the value represented within 0317 does not make adequate provision for the amount of gas the AUGÉ (Allocation of Unidentified Gas Expert) will allocate to the LSP sector. In fact as referenced within British Gas’ proposal the amount is expected to be extremely significant and the Shippers this will impact need to make proper provision and allow for this within customer contracts.

We believe that a prudent course of action is to follow the proposal as laid out within 0327 and then reconcile to the amounts dictated by the AUGÉ once the analysis has been completed. The advantage of this over 0317 as it was proposed is that reconciliation will ensure parity for all market participants and allow the AUGÉ to correct any allocations thereby protecting all affected parties. We believe it an unsafe course of action to assume the amount is as low as that suggested by 0317/0317a and strongly challenge the reasoning behind those amounts. npower note that for the I&C shipper community this will produce some challenges, but in the interest of all consumers within both market segments Modification 0327 ensures proper provision is made across the marketplace.

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Our preferred route through the entirety of this process is that the Transporters appoint an AUGE and therefore make this interim allocation redundant. This will pose the least risk to the Shipper Users and allow for proper provisioning throughout customer contracts.

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)

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