Mr Bob Fletcher
Secretary, Modification Panel
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3LT

5th September 2011

Dear Bob

RE: UNC Modification 0331 – *"Demand Estimation Section H Changes to Processes and Responsibilities"*.

1. British Gas supports the implementation of this Modification and believes that it will improve the way in which the industry estimates Small Supply Point (SSP) sector demand, and therefore improve the way in which costs are allocated in the SSP market.

2. The demand estimation process has a fundamental impact on Shippers' costs. As a result, considerable understanding and expertise has built up within Shipper organisations over the operation of the demand estimation processes in recent years in an effort to manage the risk that the outputs of the process represent. We consider it is a flaw that the current process only involves this expertise at the end of the process, especially given the materiality changes may have on Shipper costs, and believe that in allowing proposals to be developed by all impacted parties, this Modification represents a major improvement over the baseline.

3. The increased involvement of Shippers will in our view lead to more accurate demand estimation routines and thus an improvement in the accuracy of cost allocation in the market with consequential benefits to competition between Shippers. Thus we consider this Modification **facilitates relevant objective (d) of the Uniform Network Code**.

4. We also consider that greater Shipper involvement in the development of demand estimation processes will increase transparency in the process, improving the confidence the market has in the eventual output. We note that in the course of developing this Modification a number of Shippers expressed concern with the current process and its ability to deliver the most accurate result.

5.	If you have any queries relating to this representation, please do not hesitate to telephone me on (07789) 570501.

	Yours sincerely

	David Watson
	Regulatory Manager, British Gas