

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

8th July 2011

Dear Bob

RE: UNC Modification Proposal 0343 – “*The ability and requirement for Users and Transporters to raise issues to be considered by the Allocation of Unidentified Gas Expert as “known” issues*”.

1. British Gas supports the implementation of Modification Proposal 0343 and believes that it will help facilitate the work of the Allocation of Unidentified Gas Expert (AUGE), and thus further the relevant objectives of the Uniform Network Code (UNC).
2. We are supportive of the AUGE’s efforts to apportion the costs associated with unidentified gas and recognise that in order for it to complete this work, it should receive as much information as possible on the causes, materiality and sources of unidentified gas. Whilst we take the view that a responsible Shipper will already do this, we recognise that there is a natural incentive on Shippers to perhaps withhold any information which is detrimental to their interests. We believe that Modification Proposal 0343 will act as a deterrent against this and to that extent increase the accuracy of the eventual AUGE methodology.
3. We recognise some may argue that this Proposal will lead to the AUGE being inundated with information as Shippers seek to minimise their risk exposure, however we believe that this in itself could be beneficial provided the AUGE remains the final arbiter of what is and is not relevant.
4. We do however accept the view expressed by some that assessing compliance with the requirements of this Proposal will, in practice, be difficult. We consider that this does weaken the benefits associated with the Proposal, but believe even simply setting out what is acceptable Shipper behaviour in this area will have some benefit. We also note that there are other UNC obligations which are, in practice difficult to assess compliance with.

5. We have set out our view on how these Modification Proposals meets the relevant objectives below.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs

(a) to (c) the securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

6. We consider this Modification Proposal will encourage more information to be provided to the AUGE and thus improve the accuracy of the eventual methodology. This in turn will lead to a more accurate reallocation of gas costs in the market and therefore increase the degree to which Shippers are able to fairly compete with each other. To this extent we believe that this Modification Proposal facilitates relevant objective (d).
7. 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