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4<sup>th</sup> July 2011  
Your Reference:UNC Modification Proposal 0343

**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**

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal for which National Grid Gas Distribution (NGD) would like to offer comments.

**Do you support or oppose implementation?**

Support/Qualified Support/Neutral/Not in Support/Comments\* *delete as appropriate*

**Please summarise (in one paragraph) the key reason(s) for your support/opposition.**

National Grid Distribution (NGD) notes that the Modification Proposal:

- Sets out that Users and Transporters should have the ability to raise issues directly with the AUGE for assessment and inclusion within the AUG Methodology and AUG Table; and
- Places a requirement on parties to bring forward issues that they believe are contributing to Unidentified Gas

In respect of the former element we acknowledge a bone fide concern on the part of the Proposer that they believe parties should bring forward 'issues' where they become aware of these. Clearly the Proposer intends that Users and Transporters should be identifying any 'known issues' directly to the AUGE throughout the year as they become aware of any such 'issues' that arise. To this extent we have sympathy with the Proposer's aspirations.

However, in respect of the latter obligation it is unclear to us how the terms can be monitored or enforced. Therefore, by definition there appears to be little purpose in including such a provision within the UNC.

We note that the Modification Proposal “obligates parties to provide issues to the AUGE and not be specific in their submissions by omitting issues”. It is this element of the Proposal we believe is questionable. NGD’s opinion is that it would be virtually impossible for any monitoring party to determine/validate whether a User or Transporter has become aware of any ‘issue’ which might appear to be of interest to the AUGE but has chosen not to raise it. Ultimately there is therefore a risk that a User in particular may elect to raise only ‘issues’ which it might deem that the AUGE would be likely to allocate energy costs in favour of that User’s preferred sub set of Supply Points; i.e. Smaller (SSP) or Larger (LSP). It is not obvious to us how this lack of transparency can be overcome. Consequently there appears to be little merit in including this apparently unenforceable obligation within the UNC.

## **Are there any new or additional issues that you believe should be recorded in the Modification Report**

We have not identified any such issues.

### **Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers.

To the extent that the Modification Proposal permits Transporters and Users to raise issues with the AUGE on an on-going basis as the nature of Unidentified Gas is further understood, then we agree that this is consistent with the above objective.

Standard Special Condition A11.1 (f): So far as is consistent with subparagraphs (a) to (e) the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

We understand this Proposal would oblige UNC signatories to bring forward ‘issues’ associated with Unidentified Gas. NGD’s view is that this objective is not facilitated based on the lack of a means by which the relevant obligation can be monitored, validated and enforced.

### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

NGD does not envisage that costs would be incurred as a consequence of implementation of this Modification Proposal.

### **Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

This Modification Proposal could be implemented with immediate effect.

### **Legal Text:**

*Are you satisfied that the legal text will deliver the intent of the modification?*

NGD has provided legal text with respect to this Modification Proposal. We have consulted with the Proposer and are satisfied that the text as published by the Joint Office meets the requirements of the Modification Proposal.

**Is there anything further you wish to be taken into account?**

NGD has not identified any such matter.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653541 ([chris.warner@uk.ngrid.com](mailto:chris.warner@uk.ngrid.com)) should you require any further information

Yours sincerely,

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