

Representation

Draft Modification Report

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

Consultation close out date: 08 July 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: ScottishPower Energy Management Limited

Representative: Karen Kennedy

Date of Representation: 08 July 2011

Do you support or oppose implementation?

Support

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

As the Proposer of the Modification we fully support its implementation. As detailed within the Proposal we are concerned that the AUGGE will be expected to identify which elements of the gas allocation process and market arrangements are to be deemed 'known issues'. Since the AUGGE are an independent body to the industry we are particularly concerned as to whether the AUGGE will have the appropriate insight and experience to be able to determine these issues and also the understanding of what is believed to contribute to the unidentified gas issue. While we believe that it is implied in the UNC that Parties should provide any information relating to unidentified gas, via the requirement for Parties to cooperate and provide data to the AUGGE for the preparation of the AUG Table, the current drafting is not explicit in the ability of Parties to bring issues to the attention of the AUGGE for subsequent inclusion within the AUG Methodology and Table.

We believe that including the explicit requirement on all Users and Transporters, who are signatories to the UNC, to bring forward issues they believe are contributing to unidentified gas, as well as introducing the ability to raise issues directly with the AUGGE, for assessment and inclusion within the AUG Methodology and AUG Table will ensure awareness is raised of issues that are known to contribute to the unidentified gas volumes. This in turn will ensure the AUGGE can utilise cross-industry experience and understanding of the AUGGE issue to effectively determine the issues contributing to unidentified gas.

0343

Representation

16 June 2011

Version 1.0

Page 1 of 3

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

Although not a new issue, as such, a number of UNC Parties have questioned how adherence with the requirement to raise issues will be audited/controlled. As advised at that time when this point was raised, it is not the intention of this Modification to introduce unnecessary bureaucracy and cost and we believe it is clear that we expect UNC Signatories to operate with the spirit of the Proposal, i.e. they will bring forward to the AUGÉ any issues they know to be contributing to unidentified gas.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

As provided within the Proposal we believe the Modification meets the following objectives:

(d): The implementation of this Proposal could ensure more accurate allocation of costs by giving Users the opportunity to raise 'known issues' and ensure the AUGÉ is in a position to recognise and appraise these 'known issues' to aid their ability to develop the AUGÉ methodology and therefore the values in the AUG Table. Transparency will also be improved since the AUGÉ will have a clear record of issues that it should consider, in a standard format, allowing it to be demonstrated that these issues are being managed.

In addition, this Modification should ensure parties do not exclude any issues they believe to be contributing to unidentified gas where they do not want them factored through process because of the commercial consequences. Allowing as many known issues to factor through the process as possible will lead to a more accurate and timely allocation of the costs associated with unidentified gas across the market.

(f): We believe this Modification adds to the efficiency of the operation of the Code since it will ensure the framework introduced under UNC0229 is complete in relation to ensuring costs of unidentified gas are distributed appropriately across the market sectors in a timely manner.

Impacts and Costs:

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

No costs.

Implementation:

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

We would suggest this is implemented immediately following any Authority decision.

Legal Text:

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

Yes, the legal text reflects the intention of the Modification.

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

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

We believe this is a straightforward Modification that simply ensures the Code is clear, and therefore Code Parties are clear, that there is a requirement to bring forward any issues known to be contributing to unidentified gas. While we believe this expectation has always been implied through the introduction of the AUGÉ at present this is not explicit in Code. This change will ensure this is captured in Code.