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30<sup>th</sup> December 2011  
Your Reference:UNC Modification Proposal 0387

UNC Modification Proposal 0387  
Removal of Anonymity from Annual Quantity Appeal and Amendment Reports

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal which National Grid Gas Distribution (NGD) does not support.

### 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.

NGD does not believe that implementation of this UNC Modification Proposal would act as an effective deterrent to Users who may seek to breach the UNC rules on Annual Quantity (AQ) amendments and appeals.

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

During the AQ Review Period, Transporters publish a suite of reports which set out User activity associated with AQ Amendments and use of the Speculative Calculator<sup>1</sup>. This has hitherto been published on a non-attributable basis. Modification Proposal 0387 seeks to remove the User anonymity from "for all – in both current reports on AQ appeal and amendment processes and in future reports for the same subject". The current suite of AQ reports are limited to AQ amendment activity and use of the Speculative Calculator and are issued 3 times per annum in accordance with the timetable identified in TPD Section G1.6.20 of the UNC. For the purposes of producing Legal Text, NGD has confined the naming of relevant Users to the current reports and is not able to set out

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<sup>1</sup> Introduced to the UNC by UNC Modification 0081 - AQ Review Process - publication of information

within the UNC provisions pertaining to any future report which may or may not be required to be produced under the UNC.

In its Modification Proposal, the Proposer states "We believe the current industry reporting only offers partial anonymity, with some Shippers being easily identifiable in the report and others afforded full anonymity by virtue of the fact that portfolio size is given as a data item. British Gas for example can be easily identified by the number of Supply Points shown against them in the report whereas it is not always clear who the other Shippers are". NGD believes there may be options for removing the 'partial anonymity' for example by sub-dividing the current reports pertinent to the individual User in a pre-determined way. Our agent has indicated it would be willing to discuss the matter with any party wishing to consider this approach.

### **Relevant Objectives:**

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

d) 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.

NGD acknowledges the views of some parties as set out in the Draft Modification Report (DMR) that "the additional transparency will allow parties to draw conclusions on an individual party's behaviour based on performance, which may or may not be justified. Therefore this may lead to reputational impact". We tend to agree with this opinion and are concerned that the removal of anonymity may lead to a risk of unwarranted accusations and potentially spurious claims of inappropriate behaviours. In our opinion no evidence has been provided to substantiate the claim set out in the DMR that a "deterrent effect of transparency in this area may lead to greater control over Shipper's performance in managing the AQ amendment and appeal processes and therefore increase protection against any misuse of the processes".

NGD provides a similar report each year at the end of the AQ review to Ofgem which names each User. We believe this is a reasonable and proportionate measure and see no reason for change at this time. In the longer term we envisage that the significance of such reports will diminish in any event with the possible advent of a 'rolling AQ' regime as set out in the development of UNC Modification Proposal 0380 'Periodic Annual Quantity Calculation'.

f) Promotion of efficiency in the implementation and administration of the Code

We have some sympathy with the opinion of Users who claim that "there is no evidence that additional transparency will modify a party's behaviour to improve overall performance in the AQ amendment and appeals processes". It is not clear to us how or the extent to which the removal of anonymity would change parties behaviours in this respect. Furthermore it has not been established as to what the next steps might be following identification of a party who based on the published data might appear to have behaved inappropriately.

### **Impacts and Costs:**

No costs are likely to be incurred by Transporters as a consequence of implementing 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:**

NGD has provided legal text with respect to this Modification Proposal. We have received approval for this from the Proposer.

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

No further matters have been identified.

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,

Chris Warner  
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