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## Representation

### Draft Modification Report

#### Modification 0388 – Fixed parameters for determining Shipper contribution to Unidentified Gas

**Consultation close out date:** 30<sup>th</sup> September 2011

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** Gazprom Marketing & Trading Retail (GMT&R)

**Representative:** Steve Mulinganie  
Regulation & Compliance Manager

**Date of Representation:** 29<sup>th</sup> September 2011

**Do you support or oppose implementation?**

**SUPPORT**

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

**We believe that by calculating the price in advance of delivery allows for costs to be priced transparently into gas contracts and for LSP Customers to have certainty of the value of Unidentified Gas which they will have to fund. By fixing the cost we avoid the need for pricing in risk premiums. In addition we avoid the need for any reconciliation. This approach is also consistent with existing Transportation Charges and Notices.**

**We note that the proposer has made it clear that the proposals purpose is not to reduce the value of the Unallocated Gas to be returned to the SSP sector but to simply fix its value in advance. We also note the AUGÉ already has mechanisms for dealing with under recovery.**

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

**None**

**Relevant Objectives:**

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

**As stated in the modification, the modification furthers relevant objective (d) as fixing the parameters used to determine the apportionment of Unidentified Gas will allow a unit rate to be created that LSP shippers can apply to their own portfolio.**

**Impacts and Costs:**

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

**Removing the need to reconcile this cost pass-through item will result in significant administrative cost savings. It also removes the risk of that reconciled customer debt being unrecovered.**

**Implementation:**

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

**We believe this proposal should be implemented as soon as possible as it provides pricing certainty**

**Legal Text:**

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

**YES**

**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.*

**NO**