

## Workgroup Terms of Reference

### 0388 - Fixed parameters for determining Shipper contribution to Unidentified Gas

**Date referred from Panel:** 21 July 2011

**Report to Panel:** 20 October 2011

#### Background – Why Change?

Please refer to Modification 0388 at [www.gasgovernance.co.uk/0388](http://www.gasgovernance.co.uk/0388)

#### Solution

The AUGÉ process will determine a fixed quantity of Unidentified Gas that is attributable to the LSP NDM sector, but the resulting financial calculation will use varying monthly SAP and market shares, which has resulted in suppliers having difficulty in pricing the Unidentified Gas adjustment into their market offerings, increasing uncertainty and risk to shippers and making it difficult to pass the costs through to LSP NDM customers.

To remove this uncertainty it is proposed to:

- Replace the rolling SAP calculation with a fixed annual reference price created using industry prices.
- Replace the rolling market sector volume calculation for the LSP NDM and DM sector with an annual market sector volume calculation as of 1<sup>st</sup> October.
- Make consequential adjustments to the SSP NDM Unidentified Gas process to ensure that all of the resulting credit from the LSP NDM and DM sectors is passed through to the SSP NDM sector.

**For the avoidance of doubt individual shipper market shares would not be fixed for the year and individual shipper contributions would still vary proportionally on a monthly basis.**

With these two parameters fixed it will be possible for shippers to create a fixed p/kWh charge for their DM and LSP NDM customers that can be applied to a LSP NDM customer's contract.

#### Topics for Discussion

0388

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- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the modification
- Assessment of implementation costs
- Assessment of legal text.

## Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup.

## Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

## Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice