

## Representation

### Draft Modification Report

#### 0421: Provision for an AQ Review Audit (previously 0379A)

**Consultation close out date:** 10 December 2012  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** **RWEnpower**  
**Representative:** Edward Hunter  
**Date of Representation:** 05 December 2012

#### Do you support or oppose implementation?

Support

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

RWEnpower would like to state that it supports the intent of this modification however feels that an encompassing and enduring solution is required across the gas industry as the AQ review process is one of many potentially detrimental industry process.

Our causes for concern are:

Shippers are penalised for 16% of their portfolio if a 1% failure happens and this appears disproportionate.

This modification drives Shipper behaviour in a quantitative manner, does not increase accuracy and therefore, prescribing a target may have the unfortunate effect of decreasing the accuracy of industry data.

The appointment of an independent auditor seems a potentially wasteful and complex process allowing for possible reputational damage, accusations around true independence and other issues. The structure for ensuring correct behaviour and achieving transparency within the market place should be provided by effective governance including a Performance Assurance Framework and an independent board included de rigueur within the governance structure.

Notwithstanding the above comments RWEnpower is satisfied that this modification represents an improvement to the current process, may increase transparency and is beneficial to industry settlement and cost allocation. Further to this it should act as an interim measure foregoing a wider industry Performance Assurance Framework.

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

It is worth noting that inaccurate meter reads contribute to inaccurate AQs. Meter read services are controlled by commercial contracts and driven by SPAA governance. Meter read agents are not required to accede to the UNC however this modification could indirectly impact these arrangements.

#### **Relevant Objectives:**

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

This modification fulfils the following objectives:

a.) Efficient and economic operation of the pipe-line system.

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.

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

**Impacts and Costs:**

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

None identified

**Implementation:**

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

As soon as is practicable

**Legal Text:**

*Are you satisfied that the legal text and the proposed ACS (see [www.gasgovernance.co.uk/proposedACS](http://www.gasgovernance.co.uk/proposedACS)) 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