

Feedback to the Shrinkage Forum Action 0802

We have reviewed the presentation and the options outlined; please find below our comments which we would like to be considered:

- Option 1: Review Current TOG factor with key stakeholders  
We support the review being completed as we believe they were last reviewed in 2005, we support accurate factors and believe this would be a beneficial activity to complete.
- Option 2: Remove TOG from the Shrinkage incentive  
We do not support this approach, although there is metered theft which is currently under review via the SPAA theft consultation relating to the TRAS, there is also pre-ECV theft which if the TOG element was removed would have no visibility in calculations. We believe that DNs are best placed to identify variances in overall flow levels that may highlight theft, as no individual shipper sees the full picture.
- Option 3: Consider the influence of large loads  
We recognise the challenges which may come with this and the applied %, however, unless there is an overall review of shrinkage, we are not in the belief that it fixes the problem it just moves it. Retaining the element within shrinkage gives transparency. As the theft obligations transition to REC and are moving away from the Supplier obligations today there is a possibility the evolution may result in a different level of transparency which may allow for this to change in the future, but, for now we wouldn't support it. We also believe this is just one of many influences so wouldn't be a silver bullet solution.

We note that there was a reference that the volume required is seasonal – we expect this is the case as theft of gas is generally going to be temperature related (whether a residential or business). The bulk of the theft will be heating related (temperature driven). Even process load shows a temperature correlation. As such it seems sensible that in colder weather, shrinkage due to theft would be expected to increase. We also expect that any inaccuracy, in any element of shrinkage will be directly seen in UIG volumes.

In summary, we support the exploratory work being conducted re the links between theft and shrinkage, but, we do not support the removal of the element from the calculation at this time. We would instead support a review into the methodology which would improve the accuracy of the theft element.