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Date: 4th October 2011.

I have been asked as the chair of the ICoSS Group to write to you regarding the Allocation of Unidentified Gas Statement - Draft v2 (published 30th September 2011). ICoSS members received the document with interest and have expressed surprise at the total levels of Unidentified Gas identified.

Understandably, given the size of the Unidentified Gas charges proposed, the ICoSS members are keen to fully authenticate your results and ensure that they fulfill their duty of care to their customers. The AUGÉ process was expected to provide sufficient transparency to allow this to happen. This transparency would have been expected irrespective of the results provided by GL Nobel Denton and was required by the AUGÉ process designed by ICoSS members.

It is expected therefore that GL Nobel Denton review the document and provide:

- Precise explanations of the methodologies used in calculations and the alternatives explored.
- Descriptions of the data sources used and where these sources are publically available to reference the sources directly.
- Where GL Nobel Denton has decided to change the methodology from one previously discussed a full explanation of the reason for the methodology change and why this methodology is more accurate or preferable

ICoSS members also note that the document is silent on the allocation of the share of LSP unidentified gas between LSP NDM and LSP DM demand. It is currently therefore impossible to understand the impact these costs will have on the supply market. As this was a key deliverable from the AUGÉ process it is disappointing that GL Nobel Denton has failed to provide this at this time.

If GL Nobel Denton is unable to address the concerns raised in the letter then I request that you contact me as a matter of urgency.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Evans'.

Gareth Evans
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