



January 10th, 2011

Mr. Tim Davis  
Joint Office of Gas Transporters  
First Floor South  
31 Homer Road  
Solihull  
West Midlands  
B91 3LT

**Response to Proposed UNC Modification 0292: "Proposed Change to the AQ Review Amendment Tolerance for SSP Sites"**

Dear Tim,

First Utility supports the above proposal.

Given that capacity charges now make up 95% of total transportation charges it is imperative, both from an efficiency and cost reflectivity point of view, that AQs be as accurate as possible.

In light of this, the current 20% AQ amendment tolerance (the "deadband") applied to Smaller Supply Points seems excessive as it prevents Suppliers from fine tuning their AQs to ensure that they are set as accurately as possible in order to deliver benefits in the form of both appropriate cost allocation to the market and accurate demand forecasting by the Transporters.

First Utility therefore feels that the 5% AQ amendment tolerance proposed in the modification is appropriate and will deliver significant benefit in the areas laid out above.

Please do not hesitate to contact me if you have any questions or would like any further information.

Regards,

Chris Hill

Regulation

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