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Dear Tim

Response to UNC Modification Proposal 0292 Proposed change to the AQ Review Amendment Tolerance for SSP sites

Accurate AQs in conjunction with appropriate annual load profiles determine appropriate energy allocation and are essential in order to derive reflective transportation capacity charges, increasingly important with the advent of the 95:5 and potentially 100:0 Capacity: Commodity transportation split.

Inaccurate AQs lead to increased requirement for reconciliation both in energy and transportation charge terms, resulting in increased unpredictability and hence increased risk. This is regardless of whether AQs subsequently prove to be too high or too low. We do not see this as simply a case for reducing costs to shippers but see it as helping to ensure that costs are allocated to the right parties.

The key to accurate AQs is more frequent meter reads and more frequent and up to date AQ calculation. The current xoserve AQ calculation takes place once per year and can only use the latest read available at the time. If shippers have subsequent reads then there seems to be little ground for objection to them being utilised subject to system capacity.

During the development of UNC 0292 it has emerged that some transporter agency system processing capacity exists and the optimum level at which restrictions should still apply is likely to be to a reduced tolerance of 5%.



xoserve has supported the development of the proposal by producing a set of business rules that allow them to manage this spare capacity on a fair and equitable basis.

The proposer suggests that the key relevant objective satisfied by 0292 is Standard Special Condition A11.1(d) the securing of effective competition between shippers, suppliers and transporters. We suggest that accurate and up to date AQs will also assist DNs in their network planning activities by enabling better assessment of peak daily NDM demand and therefore will better facilitate the relevant objective Standard Special Condition A11.1 (a) the coordinated efficient and economic operation of the pipeline system.

Should 0292 be implemented we would welcome it being available for AQ 2011.

E.ON UK supports Modification Proposal 0292.

Yours sincerely

Brian Durber (by email)
Retail Regulation