

Tim Davis
Modification Panel Secretary
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3LT

1st March 2013

(by e-mail)

Dear Tim

Allocation of Unidentified Gas Statement – 2nd Draft of Statement 2013/14

We welcome the opportunity to continue to be involved in the AUGÉ process and the development of the AUG Statement for 2013/14.

ScottishPower firmly support the work of the AUGÉ in developing a detailed consumption based methodology based on meter reads and metered volume and the enhancements to the unidentified gas calculation for theft. We have considered the principles adopted by the AUGÉ in developing this Methodology and support the approach applied.

It is clear from communications received from the AUGÉ (letter dated 23/11/12) that the consumption based AUG Methodology is in their view a more robust Methodology intended to replace the RbD Bias AUG Methodology, which applied in the previous AUG Year.

The AUGÉ publicly described the consumption based Methodology which is currently out for consultation with the Industry thus “The AUGÉ believes the proposed methodology provides an improvement over the 2011 methodology for the previous year in terms of the accuracy of the estimation of Unidentified Gas and allocation to market sectors, and provides improved stability of the estimates going forward”. The Industry has been fully engaged with the AUGÉ and understand the AUGÉ rational for preparing a consumption based AUG Methodology. At an early stage, it was communicated by the AUGÉ that the consumption based Methodology would produce a more accurate calculation of unidentified gas and contribution to each market sector.

When Mod 229 was implemented Ofgem stated “The introduction of the AUGÉ is intended to enable an appropriate methodology to be developed, using the best evidence available to determine which market sector is likely to have contributed to Unidentified Gas and how these costs should be apportioned”. Therefore the AUG Methodology should not be considered in terms of which market sector is viewed to “win or lose” from its implementation but based on its merit of appropriateness and suitability in calculating the level and contributory factors of unidentified gas. ScottishPower is of the view that if the

AUGE determines that the consumption based Methodology improves the accuracy of the calculation of unidentified gas and the contribution that each market sector makes to this value that the Methodology should be implemented at the earliest opportunity.

Energy UK has developed a collective response to the 2nd draft of the AUG Statement for 2013/14. We support the intention of this approach and the work undertaken by Energy UK to collate the views and suggestions of its members.

Yours sincerely

Marie Clark
Energy Commercial Manager
ScottishPower

0141 568 3284