



Mr Clive Whitehand,
GL Noble Denton,
Holywell Park,
Ashby Road,
Loughborough,
Leicestershire,
LE11 3GR.

By e-mail: AUGE@gl-group.com

1st March 2013

Dear Mr Whitehand,

Allocation of Unidentified Gas Statement (AUGS) 2013/14

RWE npower welcomes the opportunity to respond to this consultation on the 2013/14 AUGS.

RWE npower is supportive of the AUGS's independent assessment that the consumption based method of estimating unidentified gas is more accurate and should be adopted by the Industry.

Analysis has shown that the RbD method used previously is inaccurate and it is our belief that this has caused residential customers to be exposed to incorrectly allocated costs historically. In the absence of this analysis and detail this may have been appropriate however it is imperative that this cross subsidy is eradicated at the earliest opportunity by implementing the more accurate and independently assessed, consumption based methodology.

We appreciate that there is not a perfect methodology for allocating such volumes as theft. The only way to allocate this correctly is to those identified as directly responsible for theft which is a difficult protracted process. There are additional industry initiatives ongoing to address this. We have no doubt that these will deliver results however it is currently a cost to operate in the market that should be apportioned equitably across the market participants based on the most accurate methodology available, as it is in other industry sectors where similar issues exist.

RWE npower is fully committed to providing the best outcome for our customers who will be required to bear the costs associated with unidentified gas through no particular fault of their own. We do not believe that any particular customer group should subsidise another therefore welcome this more statistically accurate calculation.

Throughout this process we need to remain mindful that the UNC put in place an independent expert body to assess Unidentified Gas and provide relevant data and analysis within the limitations of what is available. When further data is available it should be used and applied correctly without prejudice. To repeatedly question the validity of decisions or statements from an independent body on whom there are no commercial impacts, without conclusive evidence or data is counter productive. This only serves to introduce unnecessary hesitancy in decision making and

RWE npower

2 Princes Way
Solihull
West Midlands
B91 3ES
T +44(0)121 336 5100
I www.rwenpower.com

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782



increase the difficulty in achieving the required timescales.

In summary RWE nPower supports the new methodology and we hope our comments are beneficial and assist your decision making process.

Yours sincerely,

Edward Hunter
Industry Governance Manager
RWE nPower.

RWE nPower

2 Princes Way
Solihull
West Midlands
B91 3ES

T +44(0)121 336 5100
I www.rwenpower.com

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782