

## Representation

### Draft Modification Report

#### 0473 0473A – Project Nexus – Allocation of Unidentified Gas

**Consultation close out date:** 13 November 2014  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** RWE npower  
**Representative:** Sasha Pearce  
**Date of Representation:** 13<sup>th</sup> November 2014

#### Do you support or oppose implementation?

0473 - Oppose

0473A - Support

#### If either 0473 or 0473A were to be implemented, which would be your preference?

Prefer 0473A

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

RWE npower supports the intention to put in place a new Expert to assess and allocate unidentified gas costs post-Nexus. It is important to ensure that customers are being treated fairly and charged appropriately for the cost of shipping gas. Consequently there is a need for a mechanism to ensure that the costs of unidentified gas are distributed in the most equitable and accurate way possible. We consider that the solution proposed by Modification 473A will best achieve this. We are concerned that Modification 473 could, if implemented, provide opportunity for some market participants to take steps to avoid their fair share of the costs (by making use of Product Class 2), which would impact some customers unfairly and negatively impact competition.

#### Modification Panel Members have indicated that it would be particularly helpful if the following questions could be addressed in responses:

**Q1: Please provide as much information and analysis to support your response, particularly any justification for why any particular class should, or should not, attract unidentified gas costs.**

In the past, the cost of unidentified gas has largely been borne by domestic customers. We do not believe this to be equitable, as we believe that some DM sites do contribute to the pot of unidentified gas. With the creation of the Allocation of Unidentified Gas Expert, this situation has begun to be addressed. We would like to see this developed further to ensure that unidentified gas is allocated fairly

---

0473 0473A  
Representation  
13 November 2014

---

Version 1.0

---

Page 1 of 2

---

© 2014 all rights reserved

and as accurately as possible once the new Nexus arrangements go live.

**Q2: We welcome views on the attribution of unidentified gas costs under these modifications to NTS direct-connected sites.**

**Are there any new or additional issues that you believe should be recorded in the Modification Report?**

No.

**Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

We consider that Modification 0473A would facilitate relevant objective (d). It would in our view ensure that costs are more equitably allocated, and this would feed through to customers. We consider that Modification 0473 would have an adverse effect on this objective by incentivising the wrong behaviour which could impact some customers unfairly.

**Impacts and Costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

**Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

An early decision on this would be helpful in order to ensure that this can be taken into account in future customer contracts.

**Legal Text:**

*Are you satisfied that the legal text and the proposed ACS (see [www.gasgovernance.co.uk/proposedACS](http://www.gasgovernance.co.uk/proposedACS)) will deliver the intent of the modification?*

We have only seen draft text and cannot therefore comment on the final legal text.

**Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No