

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

0141 568 3284
marie.clark@scottishpower.com

12 June 2013

(Send by email)

Dear Tim

Allocation of Unidentified Gas Statement – 1st Draft 2013 AUGS for 2014/15

We welcome the opportunity to respond to the 1st Draft of the AUG Statement for 2014/15. Our response is non-confidential and therefore can be posted on the Joint Office website.

ScottishPower will continue to be proactively engaged with the AUGS in the development of the AUG Statement for 2014/15. We fully support the work that the AUGS has undertaken to develop and refine the consumption based methodology, which on consideration; we believe more accurately calculates the volume of unidentified gas and the level of contribution that each market sector makes to this value.

It is useful that the AUGS has included comments within the methodology relating to the impacts of approved Modifications and also the benefit that would have been introduced if other Modifications such as Mod 282 – Introduction of a process to manage vacant sites had been implemented. The AUGS has recognised that the introduction of a vacant flag would assist in identifying vacant properties. The use of this flag would have allowed increased visibility and transparency of this category of meter point, and therefore would have allowed the AUGS to segment this category of site from the core gas portfolio.

We believe that the AUGS has completed some valuable work in relation to identifying and understanding contributing factors to the scale and volume of unidentified gas. The AUGS through their work has had the opportunity to scrutinise and examine large volumes of data. Through the course of this work the AUGS has been in an advantageous position to be able to identify, to some degree, why errors have occurred and are prolonged either through technical failures, data submission errors or lack of appropriate governance controls. In addition if Shipper

data had been provided to the AUGÉ in a non-anonymised basis, it would have provided evidence of not just the degree to which each market sector is contributing to the error but the contribution of individual Shippers within market sectors.

As outlined within our response to the review of AUGÉ performance for the year 2012/13, we believe that there is merit in considering an extension to the Terms of Reference of the appointed AUGÉ to include the identification of root causes, the communication of contributing factors and proposals on how the situation can be improved and/or resolved. The Industry is currently discussing proposals for the introduction of a Performance Assurance regime within Gas. Where settlement error is recognised, Parties overseeing/involved in the process should be empowered to take proactive measures to assist in rectifying the situation, be it through reporting, proposing corrective action or raising Modifications.

We look forward to continued engagement with the AUGÉ and believe that further improvements to the AUG process can be achieved via industry engagement and consultation. It is important that the Industry consider in detail additional issues highlighted by the AUGÉ which are contributing to the overall volume of unidentified gas and to discuss potential solutions to mitigate the risks of such issues.

Please do not hesitate to contact me on the above telephone number if you wish to discuss any of the comments made above.

Yours sincerely

Marie Clark
Energy Commercial Manager
ScottishPower