

Mr Julian Majdanski

Joint Office of Gas Transporters  
Ground Floor Red  
51 Homer Rd  
Solihull  
B91 3QJ

Paul Gallagher

NTS Shrinkage Manager  
Network Operations  
UK Transmission  
National Grid

07786 126789  
01926 654109  
[Paul.Gallagher@uk.ngrid.com](mailto:Paul.Gallagher@uk.ngrid.com)

[www.nationalgrid.com](http://www.nationalgrid.com)

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**UNC Modification Proposal 0152 V, 152 VAV & 152 VB version 1.0 -  
“Limitation on Retrospective Invoicing and Invoice Correction”**

Dear Julian,

Thank you for your invitation seeking representations with respect to the above Modification Proposals.

The NTS Shrinkage Provider (NTS SP), offers support to Modification Proposal 0152 VAV to introduce a restriction to the invoicing period to a maximum of 6 years 365 days on a rolling annual, hard cutover basis.

The Proposal provides clarification to Users within LDZs on how long duration reconciliations will impact on Users cashflows and historical data would suggest that it has a minimal effect on the socialisation of costs that would be incurred by the curtailment of the re-allocation of costs associated with NTS/LDZ reconciliations. The introduction of a restriction to time period for reconciliation does not in itself incentivise Asset Owners to make improvements in the levels of uncertainty at measurement installations and is therefore likely to have little impact on the underlying measurement assurance regime. The historic evidence provided by the NTS Shrinkage Manager for consideration within the Review Group 0131- ‘LDZ RbD Reconciliation Notification Process’, is therefore representative of the likely future socialisation of cost experienced should a more stringent restricted invoicing period be adopted. The NTS SP does not believe that the level of socialisation of costs that would be incurred by supporting Proposal 0152V (2.636 TWh, £19.5m historically) or 0152VB (1.236 TWh, £9.1m historically) would be appropriate, given that these Proposals based on historical evidence inhibit the NTS SP effectively re-apportioning costs to the appropriate parties. The vast majority of the risk from not apportioning cost appropriately sits with the Users funding the NTS Shrinkage Incentive and the remainder with National Grid.

The NTS SP would welcome a review of the Meter Assurance regime to identify initiatives to reduce the level of risk from measurement uncertainties. With the reduction of risk within this area a further reduction of risk to Users within the LDZs from long duration measurement errors should be considered. During the Review Group 131 meetings

xoserve indicated that adopting a tighter risk regime at a later date would not result in further costs to the industry.

The NTS SP recognises the need to ensure that the User community is not exposed to an overly complex environment which requires large volumes of data storage with complex validation routines, and believes that 0152VAV delivers the benefits required within this area whilst acknowledging the need for data retention for 6 years.

Yours Sincerely,

Paul Gallagher,  
NTS Shrinkage Provider