Overview of MOD326VV

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SCOTTISHPOWER
The Energy People

Background

• MOD 326 – Allocation of Unidentified Gas following the appointment of the AUGE was created to ensure that as "known issues" are raised with the AUGE that they are reconciled back to the start date of the AUGE arrangements, if the issue was found to be prevailing at that time

• MOD326V – was raised as a variation, following the approval by Ofgem of MOD339, which seen the AUGE table being used from 1st April 2012

• MOD326VV – was raised as another variation to clarify what issues would be specifically caught by the requirements of the mod, if it is accepted

ScottishPower did not believe that MOD326VV was a material change, as it purely clarified issues caught by the MOD. The MOD Panel did not however agree and sent for further development as a new modification

Fundamentals of MOD326VV

- As initially written the MOD would apply to the full range of issues e.g. theft of gas, Shipperless etc

- There was concern that this could have unintended consequences – for example where more data was found around already known issues, like Theft of Gas calculations, in particular where a methodology was already established for dealing with it

- ScottishPower's intention in relation to the MOD was that newly identified issues should be caught by the proposals. For example where a new metering error was identified or an issue which is contributing to unidentified gas, but is not presently known

- It is not ScottishPower's intention to open up methodologies that have been established or are being addressed already in the industry i.e. Theft of Gas and Shipperless and Unknown sites. In particular as the industry has been working on resolving these issues for many years

- Metering errors are proposed to be caught by the MOD, as they are non-standard in nature and not predicted and therefore not covered by an existing methodology

> This modification spreads the risk of unidentified gas, which is currently factoring through RbD, across both the SSP and LSP sector – ensuring that SSP and LSP Shippers face the same risk
>
> **This is the whole point of the AUGE process**