

Mr Bob Fletcher
Secretary, Modification Panel
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3LT

16th November 2011

Dear Bob

RE: UNC Modification 0392 – “*Proposal to amend Annex A of the CSEP NExA table, by replacing the current version of the AQ table*”.

1. British Gas supports the implementation of this Proposal and believes that it will lead to a more accurate distribution of cost between Shippers active on independent Gas Transporter (iGT) networks.
2. Whilst we would prefer a transition to a more effective settlement regime for iGT sites, based on convergence with the proposed framework for non-iGT sites, we recognise that this may not be achievable in the short term. We therefore welcome short term changes which improve the accuracy of the current iGT process.
3. The current values are considerably out of date and present a significant risk to the accuracy of costs allocation in the market. We are therefore supportive of any initiative which seeks to improve their accuracy.
4. We understood the reasons behind Ofgem’s decision to reject the predecessor to this proposal, Modification 0328, and recognise the efforts of the Proposer in addressing those reasons in this MOD. In particular we welcome the efforts to substantiate the proposed values within the Annual Quantity (AQ) table and believe they represent an improvement in accuracy over the current baseline.
5. To that extent, we believe this proposal facilitates Uniform Network Code Relevant Objective (d).

d) Securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

6. By improving the accuracy of the AQ table we argue that there will be a consequential improvement in the allocation of costs between Shippers active on iGT networks. The more accurate allocation of costs will in turn facilitate competition by enabling Shippers to compete more fairly.
7. If you have any queries relating to this representation, please do not hesitate to telephone me on (07789) 570501.

Yours sincerely

David Watson
Head of Market Design & New Markets, British Gas