

## iGT UNC / iGT INC Consultation Response

<b>Date</b>	13/12/2010
<b>Reference</b>	iGT031V Modification Proposal Consultation
<b>Title</b>	Amendment to AQ values present within the CSEP NExA Table to take account of revised Seasonal Normal Data (SND)
<b>Respondee</b>	ES Pipelines, ESP Pipelines, ESP Networks, ESP Connections
<b>Position on the Modification</b>	Do not support Modification

### Facilitation of the relevant objectives

*How this proposal will, if implemented, better facilitate the “code relevant objectives”, as defined in Standard Condition 9 of the Gas Transporters Licence. For those answered Yes to, please provide a detailed explanation below the table.*

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	NO
b. so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters	NO
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	NO
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	NO
e. so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards are satisfied as respects the availability of gas to their domestic customers	NO
f. so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition	NO

*Relevant Objectives to be better facilitated:*

### Likely impact on environment?

*How this proposal will, if implemented, impact on greenhouse gas emissions?*

### Implementation issues including impact on your systems

### Additional Information and Comments

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The modification looks to apply a change to standardised AQ values. This change was derived from analysis of weather data conducted on behalf of the large transporters.

At a simple level, the analysis undertaken will have taken changes in climate data and attempted to apply those changes to a domestic property of average characteristics. In doing so, there will have been a need to decide on the characteristics of an ‘average’ property across the large transporters’ portfolios.

The large transporters’ portfolios consist of a large majority of ‘older’ dwellings. Conversely, iGT portfolios comprise almost exclusively new dwellings, largely constructed in the last decade. This means that the characteristics of an average domestic property on a large transporter portfolio and an iGT portfolio will be entirely different. Surely then, it is unrealistic to assume that the effect of a change in weather variables will be identical for the large transporter average property and the iGT average property? For example, ESP would expect that the reduction in gas consumption observed when weather becomes milder would be less pronounced where a property is energy efficient.

ESP considers it inappropriate to employ identical logic and justification to apply this change to a portfolio of properties whose characteristics were not fully considered when the analysis was undertaken. Furthermore, it has recently come to light (UNC modification 330) that some parties believe the analysis in question “does not provide the sound foundation that is required to provide assurance across the industry that allocation, AQ and pricing are accurate and unbiased”.

It would be unfortunate if a change were made to iGT UNC on the basis of flawed analysis. ESP would sooner see some further development and a greater understanding of the particular characteristics of the iGT market before a modification of this type is made.

Completed forms should be returned to the iGT UNC Representative, Gemserv Ltd at [iGT-UNC@gemserv.com](mailto:iGT-UNC@gemserv.com) or faxed to 020 7090 1001