

## iGT UNC / iGT INC Consultation Response

<b>Date</b>	
<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>	Inexus on behalf of IPL and QPL
<b>Position on the Modification</b>	<del>Support Modification</del> <del>Qualified support for Modification</del> <b>Do not support Modification</b> (delete as required)

### 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>
<del>a. the efficient and economic operation of the pipe-line system to which this licence relates</del>	
<del>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</del>	
<del>c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence</del>	
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers - <i>but only in so much as the AQ values will result in reduced transportation charges which in theory should be passed onto the customer and provide more competitive prices. IPL seeks confirmation this will be the case.</i>	Yes
<del>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</del>	
<del>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</del>	

*Relevant Objectives to be better facilitated:*

### Likely impact on environment?

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

n/a

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### Implementation issues including impact on your systems

In addition to the below additional comments, IPL has an automated system for the calculation of AQ values and the system is designed to update values at the end of each AQ review. Any change to the system will require systems changes and as such IPL would require at least 6 months developments from authority notice.

### Additional Information and Comments

IPL appreciates that visibility has now been provided with regards to the SND calculations and that clarity has been added to the intention of the modification.

However IPL's business model is based on stability and predictable income streams and investments. The AQ review currently has a set time table where AQ values are periodically reviewed and applied. IPL is fully supportive of this.

The current modification states that implementation of the modification should be "*As soon as possible following implementation direction from the Authority*" but this potentially will have an effect of revising AQ values mid way through the gas year. IPL is keen to avoid this as it will effect both asset values and contracts being currently offered in the market place and also our financial forecasting for the remainder of the gas year.

For this reason IPL believes that the updated values should only come into effect from the results of the next AQ review or, should this not be achievable due to systems developments, the following AQ review.

IPL notes that IGT 030 "Review of CSEP NExA AQ Values" has been raised by the proposer for development which states that a "*Development Workgroup should be formed to discuss and agree the process for review of the CSEP NExA AQ Table*". IPL is fully supportive of this proposal and believes that the current proposal as set out in IGT031 should be discussed as part of the overall review of IGT030. The result of this is that a clearly defined process and timetable will be produced for the ongoing management and review of AQ values under the CSEP NExA table and this will avoid ad hoc changes to the table mid gas year and consequently enable iGTs to forecast more accurately.

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IPL also notes that the GDNs in proposing changes to LDZ system charging in the current consultation document DNPC08 have specifically proposed an implement date of 1 October 2012. This date was largely chosen at the behest of suppliers/shippers because both argue they can best accommodate changes at this point in the year with the minimum of disruption. It seems unfair to argue that iGTs should be subject to different requirements when the arguments for a 1 October implementation are the same for all parties.

IPL would in addition to its original response to IGT031V like to highlight that recently modification UNC 330 “Delivery of additional analysis and derivation of Seasonal normal weather” has been raised. IPL hold concerns as when commenting on the methodology used for the revised SND values, the proposal specifically states that “The proposed version for 2010 uses a mixed methodology that has inherent flaws and has been adjusted using a known approximation as a temporary fix. This does not provide the sound foundation that is required to provide assurance across the industry that allocation, AQ and pricing are accurate and unbiased”. IPL therefore holds concerns that it would potentially be required to make systems changes at its own cost using a methodology to amend AQ values which the shippers themselves believe to be inaccurate. IPL would therefore recommend waiting for a full and accurate review of SND data being carried out and a single set of changes being made (rather than one now and another when a further review is carried out) and implemented in time for the start of the proceeding relevant gas year.

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