

9th August 2007

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**IGT UNC Modification 003**

Thank you for giving ScottishPower the opportunity to respond to the above Modification Proposal. ScottishPower do not support implementation of this Modification. Our reasons for reaching this conclusion are outlined below.

On completion of the iGT AQ Review process, a review of the AQ values contained within the AQ Table is undertaken to ensure that they remain fit for purpose and represent a reasonable estimate of the expected gas offtake in accordance with the house type and geographical location. As a result of the AQ Review undertaken in 2004/05 and changes to the methodology used in the calculation of WAALP data, a consensus was reached, after consultation with Shippers and iGTs that a change be made to the AQ Table. The requisite changes to both the iGT Individual Network Codes and UNC were proposed in March 2006 to facilitate the introduction of the revised AQ Table. This revised AQ Table will be implemented by iGTs with effect from 1/10/07.

The AQ Table referenced within Modification 003 has been produced as a result of AQ calculations undertaken within the iGT AQ Review 05/06. While the process used for revising the AQ Table may be the same as that used following the AQ Review 04/05, a number of other factors require to be taken into consideration. Within individual presentations made by iGTs at the iGT Workgroup in December 2006, it was highlighted by iGTs that a number of difficulties were present that had a direct impact on the performance of the AQ Review 05/06. These difficulties included, the level of Shipper participation within the Review process, impact on AQ calculations by the removal of tolerance levels within the iGT AQ calculation, the number of erroneous readings submitted that resulted in breaches of the Maximum CSEP AQ, and the high number of rejections resulting from Shipper amendment activity. In addition, unlike the review of AQ values previously undertaken in 04/05, no consultation with Shippers and iGTs took place in order to agree that a further change to the AQ Table should be made.

ScottishPower fully support the need to periodically review the AQ Table however the rational and supporting mechanism for facilitating change needs to be robust. The procedure outlining the basis for the review of the AQ values is not presently included within any Industry Governance agreement. We do not believe, with the problems identified by iGTs within the AQ Review 05/06, that the Industry can rely with any great certainty on the recalculated AQ values contained within Modification 003 being representative of estimated consumption of domestic consumers. The values used within the AQ Table are used for iGT RPC charging purposes. There is a requirement for Shippers and iGTs to work together to develop a robust and transparent process for the future review of AQ values. This will ensure that proposed changes are implemented in line with Industry expectations.

#### **Facilitation of relevant objectives**

For the reasons outlined above we do not believe that this proposal will better facilitate the Relevant Objectives of the GT Licence. It is important that the Industry has confidence in the AQ values contained within the AQ Table and that the values are broadly representative of the consumption of standard domestic customers. As outlined above, iGTs highlighted a number of problems within the AQ Review 05/06 and as such the Industry cannot regard, with any degree of certainty, that the AQ values represented within Modification 003 are robust.

ScottishPower would highlight that until the iGTs follow the Industry AQ Review process as required under the terms of the CSEP NExA, that a degree of uncertainty and risk will remain in the AQ values calculated under a restricted AQ Review regime as currently operated by iGTs.

Please do not hesitate to contact me should you wish to discuss this response further.

Yours sincerely

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ScottishPower