

iGT UNC / iGT INC Consultation Response

Date	21 September 2007
Reference	IGT005 Consultation
Title	AQ Review in Line with the UNC
Respondee	Independent Pipelines Limited and Quadrant Pipelines Limited
Position on the Modification	Support Modification Qualified support for Modification Do not support Modification
Facilitation of the relevant objectives How this proposal will, if implemented, better facilitate the "code relevant objectives", as defined in Condition 9 of the Gas Transporters Licence.	
Additional Information and Comments Independent Pipelines and Quadrant Pipelines do not support this modification proposal. IGTs have been undertaking AQ Reviews for several years. Over that period, many modification proposals have been made to the review process on the basis that the proposal will improve the robustness of the process and thus improve competition between shippers and suppliers. This proposal uses the same arguments, but without any evidence or statistical support that this proposal will achieve these objectives any better than the arrangements already in place. Nor is there any evidence or statistical support that the current arrangements are failing or weak. We do not believe that the reasons that precluded iGTs from replicating the UNC AQ Review process in 2002 have altered. Individual IGT Meter Points are still not held centrally within core Industry systems such as the Sites and Meters Database. Although, through the auspices of the Gas Forum iGT Workgroup the ability of iGTs to get certain data components such as Weather Data has been put in place. The current iGT AQ Review process already follows as closely as possible the timetable of the UNC process, but it has been adapted to reflect the inherent differences between iGTs and GDNs. Reference is made to the ability of iGTs to validate challenges raised by Shippers to the iGT proposed AQ value being severely restricted due to the absence of continuous Weather Data, however no evidence is provided as to the effect or significance of this. Our experience of the review is that many shippers do not put the resource into the iGT AQ Review to deal with the queries and challenges. This fundamental amendment of the iGT AQ Review is not going to address this simple issue of shipper resource or increase the importance of the iGT AQ Review to all of the shippers. While the overall iGT portfolio is	

growing, it still forms less than 4% of all connected gas supply points and not all shippers may be willing to put the resource into dealing with iGT AQ reviews which still occupy a de minimus part of the market.

Reference is made that the UNC AQ Review process is supported by robust business rules and file formats. The iGT's business rules and file formats are no less robust, having been developed by the joint work of shippers and iGTs using the UNC model as a template, but adjusted to suit the situation of the iGTs. Many of the issues raised by the proposer can be more efficiently resolved through simple measures such as re-instating sensible threshold levels for AQ, rather than a wholesale mirroring of the UNC process.

It has been suggested that the AQ Review is manually intensive and we would agree. The proposer especially refers to the exchange of data on spreadsheets via e-mail. However, the development of systems to deal with the electronic data interchange for the AQ Review would place an unreasonable cost on the iGTs and would not be an efficient use of resources. If however, shippers are in accord over the importance of mirroring the UNC process for the iGTs and the need to develop supporting systems, including data exchange mechanisms, then we assume that the shippers will agree to collectively pay for the systems development and ongoing annual running costs.

In addition, review proposals have recently been raised both to the UNC as well as iGT UNC calling for investigation into the benefits of Individual Supply Point Reconciliation for Smaller Supply Points (SSPs). Should this review prove to be viable then the need for the intensive AQ Review process will diminish. IGTs should not be required to develop systems that will become redundant after only a short period of time. To do so would be an extremely inefficient use of resource and would be contrary to both the iGTs licence objectives as well as the shippers' licence obligations.

IPL and QPL are concerned that modification proposals are raised without recourse to any strategic industry plan. We also question whether proposals which could have a material and financial impact on companies have been properly considered and sanctioned by the proposing company. We do not believe that it is appropriate for industry participants to raise modification proposals that impose potentially substantial costs on other parts of the industry.

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