

15 May 2006

Ms Nnidi Djoko
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Dear Nnidi

Review of Reconciliation by Difference consultation

Northern Gas Networks welcomes the opportunity to respond to the Review of Reconciliation by Difference consultation. NGN fully supports xoserve's response, and we include some additional comments below.

The overarching principle and test by which RbD continues to be (correctly) judged is whether its operation is fair and equitable and appropriately discharges the principle that energy within an LDZ is fully allocated.

One of the key issues relating to this test is the AQ process from which RbD values are largely driven. It is NGN's view that the UNC Modification process provides the appropriate route for Users to seek to refine RbD processes. Indeed, UNC Proposal 0081: "AQ Review Process - publication of information", illustrates how proposals to revise processes impacting on RbD, provide the opportunity to improve its operation through, in this example, potentially improved accuracy of revised AQ submissions by Users.

NGN supports the view offered by xoserve that insufficient incentives exist requiring IGTs to confirm in a timely and accurate fashion their AQ positions. This is an example of where Ofgem can support the steady improvement of the accuracy of RbD charges by implementing proposals that encourage IGTs to adhere to processes and timetables akin to those operated by the rest of the industry.

Yours sincerely



Robert Cameron-Higgs
NETWORK CODE MANAGER