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Dear Julian,

Urgent UNC Modification Proposal 0098 / 0098a: 'Modification to Codify Emergency Curtailment
Quantity (ECQ) Methodology'

Thank you for your invitation seeking representations with respect to the above Modification Proposals.

National Grid Gas plc (UK Distribution), ("Distribution") does not support the implementation of Modification Proposal 0098 but would like to support the implementation of Modification Proposal 0098a.

As stated in our alternative proposal, we believe that a single modification proposal that would require the Authority to provide a single judgement on whether or not to include the "ECQ Methodology Statement", ("the methodology"), within the UNC governance framework, and change the methodology by which the ECQ is derived, is inappropriate. We believe that placing the methodology under UNC governance arrangements to be a fairly non-contentious change and could be implemented quickly following direction. A change to the methodology to include nominations in the calculation could impact the commercial regime, DM nomination behaviour, and consequently, NDM nominations, allocations and quantity of gas settled through reconciliation.

We understand that the principle commercial aspect of the proposal has been included to allow shippers to reduce their exposure to the ECQ by being able to nominate sites to zero. (We note there is an anomaly in the proposal in that it states that only OPN sites would have this option. We understand the "nominate to zero" provision was intended for all DMC supply points). Our main issue with this is that there is already an established means of doing this by submitting P70 and P70 (Firm) forms and hence we believe this proposal simply seeks to superimpose one ECQ mitigation on another.

We believe an introduction of a dual process to achieve the same commercial effect would be inefficient administration and would not further the relevant objectives laid down in our transporter's licence.

Additionally, the presence of this new route to mitigate ECQ exposure would require new system support and increased data transfer between NTS and DNs, since at present, Daily Metered Component shipper nominations are not visible to DNs. The data transfer and new logic would require a significant re-write of the ECQ calculator system. We believe that the existing methodology, systems and procedures fulfil our UNC obligation to determine an ECQ which represents the quantity of gas *“each Transporter reasonably estimates (based on the information available to it at the time of making such estimate) that (a) User would have offtaken from the relevant Transporter’s System at System Exit Points”*.

The re-write would be due to the fact that the methodology in place draws principally (data volume-wise) on supply point offtake allocation information which is obtained from after-the-day data storage media. To introduce a system that requires some within-day nomination data from Gemini and some after-the-day allocation data from Sites and Meters, merge the two data sets and ensure there are no gaps or overlaps, should not be underestimated. Such a system could not be implemented without significant cost to DNs. We believe this would be inefficient use of resources given that a means to provide the principle net effect of the change is already available to shippers and the marginal effect of using nominations over allocations for a subset of Daily Metered Supply Points has not been established.

In terms of the governance advocated in proposal 0098, we do not believe it is necessary to include “all the words” in the UNC to obtain UNC governance. Currently, there are a number of documents that form part of the UNC commercial regime but are not embedded in the legal text. Nevertheless, these documents bind parties to their terms and are satisfactorily, and efficiently, change governed using the Modification Rules.

For these reasons, Distribution opposes the implementation of Modification Proposal 0098.

With respect to the governance approach advocated in Modification Proposal 0098a, we believe the change process proposed, which uses principles established by Network Code Modification Proposal 0730, provides a complete governance framework, allowing straightforward changes to be signed off by the UNC committee, with more complex, commercially sensitive matters being resolved using UNC modification rules governance.

We believe this would lead to more efficient administration of the UNC, and for this reason Distribution supports the implementation of Modification Proposal 0098a.

Yours sincerely,

Phil Lawton.