

Bob Fletcher
Joint Office of Gas Transporters
Consort House
6 Homer Road
Solihull
BD91 3QQ

29th January 2014

Dear Bob,

UNC Modification Proposal 476 – Alignment of DN Charging Methodology with RIIO-GD1 Arrangements

Thank you for the opportunity to provide representation of the above noted Modification Proposal. Northern Gas Networks (NGN) **supports** this modification proposal. Please find below NGN's comments in respect of the Modification Proposal.

NGN supports this modification.

Summary of key reasons:

This modification will correctly align the text in the UNC to the RIIO License. It basically addresses the charging treatment of exit capacity so that in any given year the formulae is:

- (1) Original License value for exit capacity
- +
- (2) Cost true up from 2 years previous (starting from 15/16 for 13/14)
- +
- (3) Under / Over recovery (ECNK) from 2 years previous (starting from 15/16 for 13/14)

Additional or new issues:

Relevant Objectives:

NGN considers that this Modification facilitates the relevant objectives as indicated by the proposer. Specifically, NGN considers:

Condition	Description	NGN view
A5.5(a)	Compliance with the charging methodology results in cost reflective charges	Once implemented it will correctly align the UNC text to the RIIO license
A5.5(aa)	Insofar as arrangements are established by auction: <ul style="list-style-type: none"> (i) No reserve price is applied, or (ii) That the reserve is set at a level – I. Best calculated to promote	

	<p>efficiency and avoid undue preference</p> <p>II. Best calculated to promote competition</p>	
A5.5(b)	Takes account of developments in the transportation business	
A5.5(c)	Facilitates effective competition between gas shippers and suppliers	
A5.5(d)	Reflects alternative arrangements put in place in accordance with a determination made by the Secretary of State	
A5.5(e)	Compliance with legally binding decisions of the European Commission and/or the Agency for Co-operation of Energy Regulators	

Impacts and costs:

N/A

Implementation:

Charging methodologies already reflect this process per the RIIO License

Legal text:

Any further information:

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Jon Trapps
Pricing and Revenue Manager