

Bob Fletcher  
Joint Office of Gas Transporters  
31 Homer Road  
Solihull  
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5 November 2015

Dear Bob,

**Re: UNC Modification Proposal 0551 - Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015/16**

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

**NGN offers comments on this Modification proposal.**

**Summary of key reasons:**

Modification 0551 will provide a 'soft landing' for Shipper Users subject to ratchet charges following disaggregation of their previously collective Multi-Meter Supply Points as a consequence of the implementation of Modification 0428.

While NGN are sympathetic to the complexities of many long-standing downstream arrangements, Modification 0428 was determined for implementation in July 2013 and implemented on 1 April 2014, giving more than two years notice for Shippers to liaise with their customers to discuss disaggregation arrangements. Modification 0428 was developed with such a lead-time precisely to allow Shippers a reasonable amount of time to plan for disaggregation.

Notwithstanding this, we appreciate that this Modification Proposal is an attempt to provide a reasonable, time-limited solution to the situation some customers find themselves in currently and the development of the solution has been inclusive and amenable to the concerns of other industry parties.

Therefore we are only offering comments at this time.

**Additional or new issues:**

Due to the additional development time this Modification required it has now acquired an element of retrospection due to the ratchet charge relief starting on 1 October 2015. Previously Ofgem has expressed concern regarding Modification Proposals that introduce retrospective elements and this will have to be balanced against the proposed benefits outlined in the Draft Modification Report.

**Self Governance Statement:**

*Do you agree with the Modification Panel's decision that this should be a self-governance modification?*

N/A

**Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

Condition	Description	NGN View
A11.1(a)	Efficient and economic operation of the pipe-line system	
A11.1(b)	Efficient and economic operation of the combined pipe-line systems	
A11.1(c)	Efficient discharge of the licensee's obligations	
A11.1(d)	Securing effective competition: i) Between shippers ii) Between suppliers iii) Between DN operators and shippers	Implementation could have an impact on competition, benefiting customers who have failed to disaggregate before the ratchet charges occur.
A11.1(e)	Provision of economic incentives for security of supply to domestic customers	
A11.1(f)	Promote efficiency in the implementation and administration of the UNC	

**Impact and costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

We agree with the funding arrangements outlined in the Draft Modification Report.

**Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

Implementation can take place immediately following a direction by the Authority.

**Legal Text:**

*Are you satisfied that the legal text will deliver the intent of the modification?*

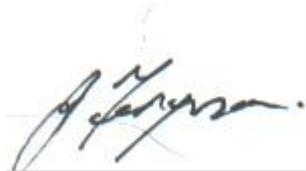
Yes.

**Any further information:**

No.

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,



Joanna Ferguson  
Network Code Manager