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18th July, 2014
Your Reference: UNC Modification Proposal 0445.

Re: UNC Modification Proposal 0445: Amendment to the arrangements for Daily Metered Supply Point Capacity

Dear Bob,

Thank you for your invitation seeking representation with respect to the above Modification Proposal, which National Grid Gas Distribution would like to support.

Do you support or oppose implementation?

As proposer, we support implementation.

Please summarise the key reason(s) for your support.

We welcome the opportunity to comment on this Modification Proposal. We are supporting implementation because following previous modification proposals concerning capacity booking, we believe that there is a case for revising the capacity booking rules, such as they relate to reductions. In recent years there have been two proposals implemented which permit shippers to reduce their capacity booking to any value without reference to the previous 12 months usage. On the basis that these transitional proposals were seen as appropriate to implement, we accept that there is a case for similar, permanent arrangements to be introduced for DM capacity bookings. Accordingly, we raised this proposal.

This proposal bring the capacity charging regimes of NDM and DM closer together, insofar that NDMs under the Project Nexus arrangements will have their charging capacity ("charging SOQ") reset and fixed for the year by annual review, so DMs will be able to reset their SOQs annually, during the capacity reduction period.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No.

Self Governance Statement:

Given that this proposal provides shippers at DM Supply Points certain rights, which then has a consequential impact on all shippers, we agree with the Panel's decision that this proposal should not be subjected to self-governance.

Relevant Objectives:

NGD agrees that this proposal promotes the following Relevant Objective:

b) the Coordinated, efficient and economic operation of:***(i) the combined pipe-line system, and/ or******(ii) the pipe-line system of one or more other relevant gas transporters.***

Implementation of this proposal would allow shippers to reset their capacity requirements at DM Supply Points on an annual basis, thereby ensuring that transportation charges are accurately set to reflect system usage. As a result, transporters receive timely & accurate usage information that provides improved point-demand information for the purposes of system design. Although daily capacity values are only of marginal use for system design, any changes to values can reveal trends in system utilisation. We believe that this is consistent with efficient operation of both the LDZ system and the interface between the LDZ & NTS.

Impacts and Costs:

While system development cost would have been incurred had this proposal been implemented in current systems, by delaying until the introduction of new UK-Link system, the costs associated with this functionality will be embedded in the total system development costs and not discretely identified.

Implementation:

We agree with the statement in the Draft Modification Report, that implementation should coincide with introduction of the new UK-Link system. While this would mean that the benefits of this Modification Proposal were lost to the 2014/5 Capacity Reduction Period, a further modification (0478) to bring transitional rules into the UNC has been raised to ensure this is not the case.

Legal Text:

NGD is satisfied that the suggested text, as published by the Joint Office, within the Draft Modification Report meets the requirements of the Modification Proposal.

Is there anything further you wish to be taken into account?

No.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact Chris Warner on 01926 653541 (chris.warner@nationalgrid.com) should you require any further information.

Yours sincerely,

Alan Raper
National Grid Gas, Distribution