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12<sup>th</sup> December, 2013  
Your Reference: UNC Modification Proposal 0454.

**Re: UNC Modification Proposal 0454: Introduction of a Long Term Non Firm Capacity Product**

Dear Bob,

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

**Do you support or oppose implementation?**

NGD offers qualified support for implementation.

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

In respect of the aspects of this Proposal which are relevant to National Grid Gas Distribution (i.e. Exit Capacity):

The Proposal, if implemented will allow a Distribution Network Operator (as a User) to apply for a long term non-firm capacity product (for Exit capacity above prevailing baseline) providing a signal has already been provided by that DNO. The product would be Firm Exit Capacity which would be linked to an associated Buy Back Option Agreement related to the period that the capacity is released for.

We can foresee that in certain circumstances there may be a need for such a product, particularly in relation to the needs of Transmission's directly connected customers (thus allowing system access at the earliest opportunity) and on that basis we support the Modification Proposal. It is difficult to envisage a scenario where it is likely that a DNO would wish to utilise such an option. Consequently the User Pays aspects of this do not seem equitable.

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

None.

**Relevant Objectives:**

The addition of this capacity product, which has the potential to provide the opportunity for connecting parties to connect earlier than would be the case under the existing regime, may have a positive impact on promoting competition between shippers and between suppliers by removing a barrier to entry.

**Impacts and Costs:**

Whilst the costs associated with implementation of this Proposal are not significant NGD does not agree with the User Pays allocation of 50% to Users (including DN Users) and 50% to NTS.

**Implementation:**

Implementation timescales will need to allow for changes to the relevant charging and methodology statements.

**Legal Text:**

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

**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 me on 01926 653994 ([alison.chamberlain@nationalgrid.com](mailto:alison.chamberlain@nationalgrid.com)) should you require any further information.

Yours sincerely,

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