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4<sup>th</sup> April, 2014

Your Reference: UNC Modification Proposal 0470.

Re: UNC Modification Proposal 0470: "Notification of Minimal Safety operating gas needs of large customers".

Dear Bob,

Thank you for your invitation seeking representation with respect to the above Modification Proposal, which National Grid Gas Distribution (NGD) does not support.

### **Do you support or oppose implementation?**

Not in support.

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

National Grid Distribution (NGD) does not support implementation of this Modification Proposal. The stated intention of this Proposal is to "allow large customers to indicate to transporters at any particular sites needs that a customer has to ensure the integrity of their plant during a localised supply constraint". NGD has concerns that attempting to achieve this objective via an application process which requires the Transporter to accept or reject the application, may in some way set a false expectation in relation to what could happen in the event of a requirement to shed firm load. The key to successful firm load shedding is good contact information and timely response by customers to a request to turn down. We accept that in certain circumstances it may be possible to take the requirements of a particular site into consideration, whilst on other occasions it is possible that giving "preferential" treatment to one customer could have a significant impact on our ability to reduce demand on our system.

### **Modification Panel Members have indicated that it would be particularly helpful if the following questions could be addressed in responses:**

*Q1: Do you consider that this change will have a material impact on either your business or competition in shipping, transportation or supply of gas, and if so, what?*

NGD believes that this Proposal, if implemented, may have a material impact on the ability of a Distribution Network to manage the process of shedding firm load. It would be necessary to take more information into account due to the creation a new class of site. It may set a false expectation for customers with sites which have been accepted onto the register, with regard to the level of protection that they can expect.

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

## **Modification Report?**

No

## **Relevant Objectives:**

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

NGD believes that implementation of this Proposal is not consistent with the promotion of any of the Relevant Objectives. The provision of supporting information in relation to a particular site may be useful, but the requirement to develop and support a register of these sites, to facilitate an annual application process and the requirement to make changes to our own load shedding system, is likely to counteract any potential benefits. Given the threshold of £25m (to be demonstrated by the applicant) this process may only be applicable to a relatively small number of sites. Throughout the development of this Proposal information, in relation to the number of customers who would wish to avail themselves of these arrangements, has not been forthcoming. We appreciate that the Proposer has made changes to make the Proposal more palatable to Transporters. Our reservations in relation to supporting this Proposal relate primarily to our reluctance to provide a signal to applicants that they have some level of protection that is not available to them in practice and would not be available to other parties.

## **Impacts and Costs:**

It would be necessary to make changes to NGD's firm load shedding system and costs would be incurred to facilitate an annual application process.

## **Implementation:**

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

Given that the application window takes place during May, it is unlikely that implementation could be possible for the Gas Year 14/15.

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

Yours sincerely,

Alison Chamberlain  
National Grid Gas, Distribution