

Bob Fletcher
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

12 November 2015

Dear Bob,

Re: UNC Modification Proposal 0506 0506A: Gas Performance Assurance Framework and Governance Arrangements

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

NGN supports both Modification proposals with a preference for 0506A.

Summary of key reasons:

These modifications seek to introduce a Gas Performance Assurance Framework to be used to facilitate assurance and incentivisation of settlement accuracy post-implementation of Project Nexus.

Aside from the three year sunset clause in Modification Proposal 0506A, the main difference between the two proposals is the alternate names Xoserve as the Performance Assurance Framework Administrator (PAFA) while Modification Proposal 0506 seeks to run a procurement exercise to determine who fulfils the role.

NGN believe it will be more efficient to allow Xoserve to fulfil the role of the PAFA and for that reason support Modification Proposal 0506A over 0506.

Additional or new issues:

No.

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
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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	We believe that the introduction of a performance monitoring framework under either Modification Proposal will better secure effective competition.
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?

There will be no direct impacts on NGN should either Modification be implemented.

Implementation:

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

Implementation could take place immediately upon 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,



Alex Ross-Shaw
Network Code Officer