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National Grid Gas NTS, shippers / suppliers,  
NTS direct connects, the Agency, gas  
distribution network operators and other  
interested parties

Direct Dial: 020 7901 7437  
Email: mark.feather@ofgem.gov.uk

13 November 2006

Dear Colleague,

**Pro forma questionnaire on the cost impacts of enduring gas offtake reform and incentives**

On 20 October, Uniform Network Code (UNC) Modification Proposal 0116 (Reform of the NTS Offtake Arrangements) which had been raised by NGG NTS, was issued for consultation. Three alternative UNC Modification Proposals were also issued for parallel consultation:

- Modification Proposal 0116A, raised by E.on UK, which proposed the retention and extension of the transitional offtake arrangements;
- Modification Proposal 0116B, raised by RWE Trading, which proposes certain amendments to the NGG NTS proposals; and
- Modification Proposal 0116C, raised by BGT, which proposes certain further amendments to the NGG NTS proposals, in addition to those captured by Modification Proposal 0116B.

We note that, on 8 November 2006, NGG NTS, raised a proposal to vary Modification Proposal 0116 by introducing minor amendments and clarifications.

In assessing Modification Proposal 0116 (as varied) and Alternative Modification Proposals 0116 A,B and C, we will need to consider the potential cost impact of these proposals. To this end, we have developed pro formas for both:

- Gas Transporters (GTs) and the Agency, and
- shippers and Transmission Connected Customers (TCCs).

We have therefore attached to this letter an outline of the two pro formas and a related guidance document which provides advice regarding the way in which the pro formas

should be completed. In addition, to further assist in the completion of the pro formas, an assumptions document is also provided. This document sets out our initial high level view of the implications of the proposals for offtake arrangements for industry participants.

It is important to note that the documents referred to in this letter are provided on an informal basis and should not be treated as binding on the Authority. Nothing in the documentation is to be construed as granting any rights or imposing any obligations on the Authority, and the Authority's discretion in this matter will not be fettered by any statement made in this correspondence or the related documentation.

We would be grateful if you could return your response to the attached pro formas by close of business on 11 December 2006. Please be assured that all responses will be treated as confidential.

If you have any questions regarding this request please contact Andrew Pester on 020 7901 7107.

Yours sincerely

Mark Feather  
**Associate Director, Transportation**