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21<sup>st</sup> March, 2014

Your Reference: UNC Modification Proposal 0478.

Re: UNC Modification Proposal 0478: "Filling the gap for SOQ reductions below BSSOQ until Project Nexus".

Dear Bob,

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

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

Support.

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

National Grid Distribution (NGD) supports implementation of this Modification Proposal. This is consistent with the support provided for the two earlier Modification Proposals (0275 & 0405), with the same purpose, which have now expired. Support for this Proposal is also consistent with the aims of our Modification Proposal 0445 "Amendment to the arrangements for Daily Metered Supply Point Capacity". We believe that the UNC should provide appropriate incentives and provide mechanisms to ensure that costs are correctly allocated between shippers and that charges are proportional to network use; robust UNC rules are essential in this regard. However, we believe a relaxation of those rules to permit an element of SOQ rebasing, to reflect a significant change to the pattern of use, continues to be justifiable to cover the period until Nexus implementation, when an enduring solution may be implemented.

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

No

### **Self Governance Statement:**

Do you agree with the Modification Panel's decision that this should be a self-governance modification?

This is not a Self-Governance Modification Proposal.

**Relevant Objectives:**

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

We believe that implementation would further facilitate the relevant objective as set out within Standard Special Condition A11.1 (a), (c) and (d):

- By ensuring that capacity is booked that reflects prospective consumption; the network can be more accurately modelled thereby ensuring the efficient and economic operation of the pipe-line system.
- By providing more accurate information for the purposes of peak day capacity planning for DNOs promoting the efficient discharge of licensee's obligations.
- By allowing shippers to book capacity which accurately reflects future use, appropriate charges can be levied, thereby securing effective competition between relevant shippers and between relevant suppliers. If a customer has to leave the market because it is unable to reduce capacity charges in-line with its requirements for capacity this could have negative impact on competition.

**Impacts and Costs:**

We believe that the Proposal could be implemented without incurring any significant marginal costs.

**Implementation:**

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

Implementation ahead of October 2014 is appropriate to give interested parties the assurance that the regime will be in place for winter 2014/15.

**Legal Text:**

NGD is satisfied that the text provided satisfies the intent 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