

The Modification Panel Secretary
Joint Office of Gas Transporters
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By Email

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Dear Sir,

UNC Modification Proposal 0050

We are appalled by this modification proposal and find it hard to believe that the arguments on how the proposal "better facilitates the achievement of the relevant objectives" can be put forward seriously.

We do not believe that Transco's efficient discharge of its licence obligations with regards to safety can be said to be enhanced by allowing Transco the right, free of charge, to reserve other people's assets. It cannot be efficient for the costs of Transco discharging its obligations to be arbitrarily allocated to other parties.

Nor can we see how it can be argued that the provision of reasonable economic incentives for suppliers to meet security standards will be enhanced by denying (without compensation) shipper/suppliers the right to use storage they have bought and paid for to meet their balancing requirements.

CSL specifically objects to this modification for the following reasons:

- The levels of and allocation of safety monitor stock remains un-consulted, opaque and highly subjective and could be influenced by Transco's ownership of short duration facilities and arbitrary Transco assumptions and judgements.
- This modification will increase Transco's ability to manage gas shortfalls using storage stock reservation rather than through efficient market based responses such as the locational OCM market or the acquisition of storage withdrawal rights or gas in store.
- Monitor level changes directly influence market pricing by changing the amount of gas available to the market. Increasing Transco's ability to change levels will prevent the market operating efficiently and will lead to inefficient and/or insufficient investment.
- Interference in the commercial operation of other parties' assets in this manner adds risk to new storage build and deters future investment.

For the avoidance of doubt Centrica Storage Limited opposes this modification.

Yours Sincerely

Stuart Waudby
Commercial Operations Manager

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