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Dear Julian

RE UNC Urgent Modification Proposal 0062 – Introduction of a Gas Balancing Alert

Thank you for the opportunity to comment on this Modification Proposal.

We would first like to comment on the timing of this Modification Proposal. It has been commented a number of times at industry workstreams that it is very late in the year to be considering changes to the operational processes affecting continuity of supplies over the winter months. Whilst we support the principles of the objectives of these modifications, it is not in the best interests of the industry to be dealing with changes of this nature at this time.

This modification proposal seeks to introduce the issue of a Gas Balancing Alert (GBA) in order to signal to parties other than Users the potential of a National Gas Supply Emergency occurring.

We support the concept of a GBA but have concerns about the way in which this would be applied and the effectiveness of the proposed arrangements.

It is proposed that the GBA would be issued at D-1. Whilst we understand that National Grid would not be in possession of accurate figures for Forecast demand until the D-1 attribution run is undertaken, we have doubts that the issue of a GBA at this late stage would facilitate further demand side responses. This issue has been raised within the discussion at industry workstreams. Whilst we recognise that an earlier alert may give rise to the occurrence of "false alarms", a longer period may be required. It is our understanding that many large consumers may have some difficulty in providing a demand side response with a notice period of less than 24 hours in order to make arrangements to cease taking gas.

Without this earlier stage of advance warning or standby situation, each User will be making their own independent assessment of the likelihood of an impending Network Gas

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Supply Emergency. We believe that there is merit in this analysis being undertaken centrally by the system operator in order to ensure a consistent approach.

In summary, although we are supportive of the objectives addressed by this proposal we do not believe that it provides a workable solution in its current form. Consequently, we are not supportive of the implementation of this Modification Proposal, as we do not believe that it furthers the relevant objectives of an efficient and economic operation of the pipeline system or the provision of incentives for relevant suppliers. Although not specified in the proposal, we believe that the Modification addresses issues of supply security but the difficulties in operation mean that this would not be adequately met by this proposal.

Please contact me if you require any further information.

Yours sincerely,

Mike Young
Commercial Manager