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21 November 2005

Dear Julian

UNC Modification Proposal 0062: 'Introduction of a Gas Balancing Alert'

Thank you for your invitation seeking representations with respect to the above Modification Proposal.

National Grid Gas plc (UK Distribution) ("Distribution") is of the opinion that, on balance, this proposal should be implemented. Distribution believes that the issuance of information, such as the GBA, is an important device in ensuring that the market is able to make the most appropriate response to a potential supply shortage. As a result, the market should operate more efficiently in the knowledge that a GBA had been issued, (rather than speculate about the supply situation), and consequently, by taking steps to avoid a National Gas Supply Emergency, the system should operate more efficiently through the period of high demand than would be the case without the information. This should assure effective competition between shippers, thereby meeting the requirements of SSCA11 1(b) and 1(d)(i) and would be in the interests of consumers.

In its representation to Modification Proposal 44, Distribution stated; "*Transco - Distribution believes that successful implementation is dependant on sufficient information being available from NTS, to ensure that shippers are able to make the right economic decisions right up to the point that an emergency is declared.*" Distribution believes that implementation of this proposal goes some way to establishing an information flow that provides shippers with the information they need to allow supply / demand decisions to be made.

One potential draw-back of the proposal is the method of dissemination of a GBA to interested parties. Such a price-sensitive piece of information should be issued preferably by the market operator to ensure that all affected market participants receive the information at the same time. Distribution believes that the technical solution should provide for all market participants to receive a GBA simultaneously.

Similarly, where there is sufficient demand side activity to prevent the further deterioration of monitor levels, information to this effect should be conveyed to the market. This would not have to necessarily mean the lifting the GBA, (as shipper initiated interruption may, for contractual purposes, require this to be left in place), but, nevertheless, the information feed-back loop needs to be closed so that the market participants can assess their position and ensure that excessive demand curtailment is not effected. It is also important to ensure that the market is aware that a GBA has had the desired effect to allow the market to react accordingly.

To summarise, Distribution believes that the introduction of the GBA is a useful market signal and this proposal should be implemented

Yours sincerely,

Declan McLaughlin