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CODE MODIFICATION PROPOSAL No.0072  
"Gas Allocations at LNG Storage Facilities in the Event of a Network Gas Supply Emergency"

Dear Julian,

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

National Grid NTS supports the implementation of Modification Proposal 0072.

National Grid NTS believe that 0072 seeks to correct an anomaly that was created in Section Z by the removal of the "Top Up" regime and the introduction of storage monitors. Under the current regime a User intending to retain gas in storage may have gas allocated out of storage whereas another User that intends to withdraw a quantity of gas (and nominates as such) may have some of his withdrawal curtailed.

We believe that the Proposal represents a pragmatic and sensible solution to the issue.

In our opinion, the Proposal, if implemented, will better facilitate the relevant objectives of our GT Licence by ensuring gas is allocated only to those Users who have placed nominations at that storage facility and thus reducing additional costs (from Imbalance charges and Entry Capacity Overrun Charges) to the Community above those which would be expected from a curtailment of flows and by allocating gas between users in a manner that is not unduly discriminatory. In addition the Proposal will provide a potential benefit to security of the system in that gas held within the LNG storage facilities for Operating Margins will not be automatically allocated as having been withdrawn from storage in the event of a curtailment by the NEC.

Please let me know if you, or the SME assigned to this Proposal, require any further information to enable preparation of the Final Modification Report.

Yours sincerely

Ritchard Hewitt

