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Dear Julian,

UNC Modification Proposal 0120: 'Introduction of an SO Commodity Charge for NTS Storage Exit Flows'

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

National Grid Gas plc (UK Distribution), ("Distribution") conditionally supports the implementation of Modification Proposal 0120.

This representation is concerned solely with the modification proposal to change UNC to accept the new charge type. We believe the relative merits of introducing the SO Storage Exit Commodity Charge should be a matter for the pricing consultation and not the UNC consultation process; consequently, we will concentrate only on the contractual change. In this respect we believe that the UNC should change should the new commodity rate come into effect.

However, we have two minor comments on the legal text:

We are not sure why it has been proposed that paragraph B1.8.5(c) and (d) should be merged. Paragraph (c) applies to both Distribution and Transmission commodity rates, whereas paragraph (d) applies solely to the NTS Optional Commodity Rate. We are not convinced that the introduction of the SO Exit rate, when there already is an SO Entry rate, would trigger changing paragraph B1.8.5 in this way.

We are not sure why it has been proposed that the formula in paragraph B3.5.3(b) should be deleted.

The formula appears to be there to allow a monthly quantity (as allowed by Storage Connection Agreements and acknowledged in R1.3.2(b)) to be converted into a daily quantity, which then forms the basis the commodity charge for storage use gas ("SUG"). If the arrangements and practices work so that SUG quantities are supplied as daily quantities then we agree it is appropriate to remove the (SUG/n) calculation.

Notwithstanding the above comments on the legal text, which we believe to be relatively minor and could be resolved prior to the submission of the Final Modification Report, we agree with the proposer that UNC should be modified to accommodate the SO Exit Commodity rate, (should price change come into effect), and made consistent with the Statement of Transmission Transportation Charges.

On this basis, Distribution offers conditional support for the implementation of Modification Proposal 0120.

Yours sincerely,

Phil Lawton.