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10 November 2006

Dear Julian,

UNC Modification Proposal 0123: 'Provision of Demand Information to Meet the 14:00 Total System Demand Forecast'

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

As proposer, National Grid Gas plc (UK Distribution), ("Distribution") supports the implementation of Modification Proposal 0123 on 6th December 2006.

Implementation of this proposal would place continuing obligations on information providers to submit demand information NTS by a certain time, (as required by Modification 100), but would simplify the format and the amount of detail required in the notifications. Modification 100 is aimed at procuring demand information from operators in advance of the D-1 14.00 Total System Demand Forecast (TSDF) and, when implemented, will use OPN submissions from all offtakes as the principle method for gathering demand data. We maintain that the function of OPNs should not be extended in this way as they contain detailed nodal information on within day flow variances along with the end of day total. This extra information is not required for the demand forecasting process but the consequences of providing it earlier would be increased operating and system development costs.

We believe the provision of profiled information in advance of the D-1 14.00 TSDF is unnecessary given that forecast demand is an un-profiled, end of day figure, and as a principle to achieve maximum efficiency, we should endeavour to establish informational symmetry and should ensure that the inputs into the forecast match the output. We believe that our proposal for the existing DNO LDZ demand derivation process, combined with a simplified aggregate demand notification from other offtake operators, would meet NTS's operational requirement. Accordingly, OPNs could retain the current (pre-Modification 100) submission time-table.

With this principle in mind, we believe our proposal for all pre-14:00 TSDF demand submissions to be single, end of day demand figures meets the requirements of the NTS and is an efficient, cost effective solution, thereby fulfilling the requirements of our Licence Condition SSC A1.1(b) and (f). Specifically, we believe that implementation would ensure a coordinated, efficient and economic approach to the operation of the combined gas network. By using existing processes for DNOs, and a simplified submission mechanism for NExA and SCA governed offtakes, we believe this proposal also provides for the efficient implementation of UNC obligations.

We believe that implementation of this proposal would achieve the benefits brought about by the implementation of Modification 100 without increasing costs for gas transporters. Therefore, for reasons of cost and efficient service delivery, Distribution supports the implementation of Modification Proposal 0123.

Yours sincerely,

Phil Lawton.