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Mr J. Majdanski
Secretary, Modification Panel
Joint Office
National Grid

Wednesday 17 Jan 2007

Dear Julian

Re: UNC Modification Proposal 0127 - "Introduction of a DN Pensions Deficit Charge on DNO Users"

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

As Proposer of this Modification Proposal, National Grid NTS supports implementation of the Proposal as it would enable implementation of charges that have been proposed within National Grid NTS' Pricing Consultation Paper GCM02 ("DN Pensions Deficit Charge"), subject to the Authority decision, and avoid inconsistency with the Gas Transmission Transportation Charging Methodology Statement. Implementation of this Proposal would thus further the efficient discharge of National Grid NTS' obligations under its Gas Transporter Licence and thus better facilitate the achievement of Standard Special Condition A11.1 (c).

National Grid NTS has noted that the Draft Modification Report states a proposed implementation date of 1 February 2007, which differs from the proposed implementation date of 1 April 2007 put forward in the Modification Proposal. National Grid NTS can advise that it still proposes an implementation date of 1 April 2007 for the new DN Pensions Deficit Charge, although this would be subject to agreement of Ofgem's final TPCR proposals.

Legal Text

In respect of the suggested legal text that was included in the Modification Proposal, National Grid NTS would like to put forward two minor amendments to be included in the final legal text and to be attached to the Final Modification Report, as follows :

- Section B 1.7.1 (a) – Insert "are amounts" before "payable by a DNO User"
- Section V 3.1.5 (b) – "National Grid plc" to be amended to read "National Grid Gas plc"

In National Grid NTS' view, both these suggested changes do not alter the intent of the Proposal but improve the clarity and accuracy of the legal text.

If you would like to discuss any aspects of our response, please do not hesitate to contact myself or Dominic Harrison.

Yours sincerely,

Paul Roberts

Gas Charging and Access Development Manager
National Grid NTS