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Re: Modification Proposal 0154: 'Enduring Provisions for LDZ System Entry Points'

Dear Julian,

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

National Grid Gas plc (Distribution), ("NGD"), as proposer, fully supports the implementation of this proposal.

We believe that this proposal offers a pragmatic solution to the issue of how to deal with a situation where a Delivery Facility Operator wishes to connect a gas source to a distribution network, (and for a shipper to deliver the associated gas to the total system), without requiring a change to the Schedule A, Table A2 of NTS's transporter licence. Currently, all existing LDZ Entry Points, (excluding Halford), are covered by rules in UNC TPD Section B relating to NTS Entry Capacity and are referenced in the NTS Licence. "New" LDZ Entry Points could not exist under these arrangements without first being included in the NTS Licence.

Implementation provides a way around this hurdle and provides gas entering at new entry points with a UNC-approved route to market. We are conscious that this leads to existing connections to distribution networks being dealt with in a different way under the UNC, but believe going forward it is the correct solution to exclude new entry points from the NTS licence from the outset. In any case, as a distribution network operator, we are unable to propose changes to the NTS Licence.

Therefore, we believe that implementation of this proposal, (which has operated satisfactorily in transitional form for approaching a year), would be a fit-for-purpose solution, and would further our relevant objectives by ensuring that gas enters the system at the most cost effective location. Such alignment of physical and contracting arrangements prevents unnecessary investment and provides the most economic solution, thereby meeting the relevant objective detailed in Standard Special Condition A11.1(a). Also, cost effective connection arrangements ensure that this gas is made available to UK gas market, thereby providing benefits to gas competition.

Additionally, we believe that creating a route to market for this gas encourages an environmentally friendly way of dealing with these peripheral sources of methane.

Hence, NGD support the implementation of this proposal.

Yours sincerely

Phil Lawton
Network Code Manager