

04 April 2008

Julian Madjanski
Joint Office of Gas Transporters
31 Homer Road
Solihull
West Midlands
B91 3LT

Dear Julian

Modification Proposal 0195 / 0195a: Introduction of Enduring NTS Exit Capacity Arrangements

Thank you for the opportunity for commenting on the above proposals. NGN supports both proposals which have been developed through discussions in Review Group 166. The relatively small differences are issues for shippers to assess which are more appropriate, and as such we offer no preference for either proposal at this stage.

We note that preferences and rankings are sought in respect of these two proposals and the five 116 proposals originally ruled on by Ofgem in 2007. Given that the 195 proposals build on proposal 0116CVV, we do not support this 2007 proposal which has been superseded by improved proposals. Similarly we do not support any of the other 116 proposals (116V, 116A, 116BV, 116VD). We believe that after years of consultation and assessment, it is appropriate that a ruling be made by Ofgem on either of the 195 proposals to conclude discussions and to provide a base from which the industry can implement a sustainable long term Offtake reform regime.

The key principles within the 195 proposals we support are;

- Need to assess the ongoing flexibility requirements and patterns of usage in the industry, without placing any new auction style requirements on securing its availability.
- Securing of long term capacity which is of key importance to DNs. The establishment of long term capacity bookings equally provides National Grid NTS with the longer term investment signals it requires.
- NGN are satisfied that the 4 year financial commitment for securing flat capacity appropriately shares the risk between parties. We note that the detail of this will be consulted on separately and we look forward to providing more detailed input at that stage.

Should you have any questions relating to our response, please do not hesitate to contact me.

Yours sincerely

Robert Cameron-Higgs
Network Code Manager
Northern Gas Networks
Tel 07883 099595