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Your Reference: Modification Proposal 0210

Re: Modification Proposal 0210: 'Implementation of DNPC03 (LDZ System Charges – Capacity/Commodity Split and Interruptible Discounts), the Alignment of Failure to Interrupt Charges and the Alignment of the IFA Charge'

Dear Julian,

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

National Grid Gas Distribution plc (NGD) would like to offer full support for this proposal which has four aspects:

- i) the UNC currently states that in respect of an Interruptible Supply Point the Registered User shall not be required to pay NTS Exit Capacity Charges or LDZ Capacity Charges (UNC Transition Document Part IIC 9.1.9(a)). The intention of the Proposal is to remove the part of this exemption that relates to LDZ Capacity Charges;
- ii) the current FTI charges for the first day of failure are 2x the applicable annual firm LDZ capacity charge. If this provision were to remain the same the charge would increase by 90%. The intention of the Proposal is to amend the FTI charge to be 2x the difference between the applicable annual rate (LDZ cap) and the firm applicable annual rate (LDZ Cap);
- iii) the Interruptible Firm Allowance (IFA) charge, payable to the DN operator is currently based on the Firm LDZ Cap Charge. It is intended to be changed it to a single annual payment to the DN calculated as the equivalent Firm LDZ Capacity Charge, based on the Firm Allowance, (using it as the SOQ of the firm element), less any capacity payments expected over the subsequent 12 months made in respect of the Firm Allowance and paid as interruptible LDZ Capacity Charge, (resulting from the implementation of DNPC03 on 1st October 2008);
- iv) the correction of an incorrect reference to 10.5.3 within UNC Transition Document Part IIC 10.4.2. This should refer to 10.4.3 and will also be amended by implementation of the Modification Proposal.

NGD agrees with the proposer that the purpose of the proposal is consistent with the better facilitation of several of the 'relevant objectives':

SSC A11.1 (c): ... the efficient discharge of the licensee's obligations under this licence, by removing the current restriction on the levy of an LDZ Capacity charge on Interruptible Supply Points it is consistent with DNPC03 and SSC A5;

SSC A11.1 (d): ... the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers, it avoids any unintended discrimination between market sectors and therefore reduces contractual risk;

On the basis that the changes have also, to some extent, future proofed the UNC against any further changes that may be made to the LDZ Capacity/Commodity split, this proposal is consistent with the better facilitation of **SSC A11 (f)... efficiency in the implementation and administration of the ... uniform network code.**

NGD agrees with the advantages set out within the draft modification report and does not believe that there are any disadvantages associated with this proposal.

An implementation date of 1st October 2008 is anticipated in line with the LDZ Capacity/Commodity price changes and no implementation issues are envisaged.

If you have any queries in relation to this representation please contact Alison Chamberlain 01926 653994.

Yours sincerely

Richard Court
Customer Contracts and Regulation Manager