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Re: UNC Modification Proposal 0243 – Amendments to the process for initialisation of Enduring NTS Exit (Flat) Capacity at the Moffat NTS Exit Point

Dear John,

Thank you for your invitation seeking representations with respect to the above Modification Proposal. National Grid NTS offers qualified support to this proposal. We are cognisant of the issues at the Moffat NTS Exit Point and understand the requirement to and difficulty of harmonising upstream and downstream capacity bookings. This proposal provides time for the parties operating at the Moffat exit point to align their booking processes with the enduring regime and as a minimum should provide a better match of initialised holdings with future use at the exit point. However it does not address the situation on a long term basis and also does not recognise the mechanisms within 195AV that may help alleviate the situation.

Rationale

National Grid NTS considers that this proposal:

- delays initialisation of the enduring exit regime for the Moffat NTS Exit Point and in so doing increases the likelihood of better harmonisation between upstream and downstream capacity holdings; but
- does not address Moffat's real concerns of longer term harmonisation of capacity bookings i.e. the certification process rule applies only to initialisation;
- the business rules, as currently drafted, do not fully reflect the Mod proposal as they allow ad hoc increases to be applied for which would create difficulties with regard to User Commitment assessments where the initialised values are unknown and may also lead to erroneous investment signals - we believe this is an error in the business rules drafting; and
- does not consider the benefits or disadvantages of the mechanisms included in 195AV for the benefit of multi-shipper sites e.g. Exit Capacity Booking Agents and Overrun Users.

Extent to which implementation of Modification Proposal 0243 would better facilitate the achievement (for the purposes of each Transporter's Licence) of the relevant objectives

National Grid NTS considers that:

- In respect of Standard Special Condition A11 1(a) the efficient and economic operation of the pipe-line system, this proposal would avoid inaccurate investment signals as a result of initial enduring rights being allocated to shippers who no longer need the capacity. However this proposal does not address this issue in the long term and so the potential for inaccurate investment signals going forwards remains.
- In respect of Standard Special Condition A11 1(f), the promotion of efficiency in the implementation and administration of the network code, this proposal does not better facilitate the relevant objectives as it relies on a further proposal being raised in the future in order to address the longer term concerns of the Proposer.

SSC6 of the NTS Licence includes a provision whereby the licensee shall conduct its transportation business in the manner best calculated to secure that any gas shipper does not obtain any unfair commercial advantage including in particular any such advantage from a preferential or discriminatory arrangement.

This proposal 0243 if implemented would permit gas shippers at Moffat to be treated differently from other gas shippers at other NTS Exit Points for the reason given in the proposal, these reasons are not reiterated here: suffice to say that the proposal sets out reasons why the situation for Moffat shippers is fundamentally different to that for gas shippers at other NTS Exit Points. The proposal explains this in more detail.

The National Grid NTS view is that if there is a genuine difference between Moffat shippers and other shippers at other NTS Exit Points which justifies different treatment then the implementation of the Mod proposal does not put National Grid NTS into a breach of SSC 6. The Modification does appear to include sufficient justification for such difference.

If you have any questions, please do not hesitate to contact me.

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