

Our Ref: IRL1539

Your Ref:

Modification Panel Secretary
Joint Office of Gas Transporters
First Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

13 March 2009

Dear John,

Modification Proposal 0243 – Amendments to the process for initialisation of Enduring NTS Exit Capacity at the Moffat NTS Exit Point.

We have received a copy of the Electricity Supply Board's proposed UNC modification in relation to the above and we are grateful for this opportunity to respond.

We understand that Modification 0195AV allows the initial enduring capacity allocations to be notified to each prevailing user by 1 May 2009. This process decouples the established link between downstream traded volumes and Moffat exit capacity and causes us significant concern in relation to:

1. increased complexity, uncertainty and risk associated with gas trading at Moffat;
2. impact of increased transportation costs to the downstream gas and electricity markets;
3. inaccurate capacity signals to National Grid NTS; and
4. potential impact on security of supply both in the NI and ROI gas and electricity markets.

We welcome and support Modification Proposal 0243, as it aims to delay the process for allocation of enduring capacity rights at Moffat until May 2011, and in the meantime will facilitate the establishment of a mechanism similar to the existing capacity certification methodology for registering capacity holdings. The current ticket-to-ride process works effectively, is well understood by all parties trading at Moffat and does provide an appropriate signal to National Grid NTS with respect to future capacity requirements.

We understand that the proposed deferral is time bound, however it does provide valuable time for suitable and appropriate enduring solutions to be developed, and will allow shippers and regulatory authorities an opportunity to consider in parallel, the impact on the CAG project which is currently underway in Ireland and Northern Ireland.

I hope these comments are helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Luney', written over a horizontal line.

Ian Luney
Generation Portfolio Manager