

Our ref : IRL EX 09

Modification Panel Secretary

Joint Office of Gas Transporters

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16<sup>th</sup> March 2009

Dear John,

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

We have read the Electricity Supply Board's UNC modification proposal 0243 and are grateful to have this opportunity to respond.

Modification 0195AV allocates initial enduring capacity rights to the NTS Shippers based on gas flown in gas year 2007/08. The enduring capacity allocations will be notified to these NTS Shippers by 1<sup>st</sup> May 2009. This in our view is a retrograde step and causes us concern in relation to:

1. Uncertainty around capacity and security of supply as the NTS Shipper does not have to maintain a relationship with downstream anchor sites as the Ticket to Ride mechanism is broken. This impacts upon three jurisdictions.
2. Restriction to potentially one upstream Shipper, this reduces competition and potentially drives up costs to end users. Both potentially commodity and transportation costs.
3. If a downstream user contracts with more than one NTS supplier to increase their portfolio, the capacity signals provided will be meaningless.
4. If historic users have to contract with a new NTS Shipper 3 years out for a period of 4 years, they will not know who is going to be competitive in that time window. This will put restrictions on the types of contract that may have to be entered into and will have a premium charged due to the risk.



We support Modification Proposal 0243 as it aims to delay the allocation of Enduring Capacity rights. It is understood that the proposed deferral is time bound; this should provide valuable time for suitable and appropriate enduring solutions to be developed. This time could allow Shippers and Regulators to take into account the impact of the CAG project downstream of Moffat as well as Moffat reforms.

Yours sincerely,

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

Ivan Purvis

Premier Power Ltd.