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Your Reference [0163]

**Re: Modification Proposal 0163: 'Offering Capacity at Donor ASEP in Trades & Transfers Process'**

Dear Julian,

Thank you for your invitation seeking representations with respect to the above Modification Proposal. National Grid Gas (Distribution) "UKD" does not support this Modification Proposal. The views expressed by UKD are put forward on the basis that this proposal will be considered by Ofgem along with Proposals 0156 and 0156A, as indicated at the Transmission Workstream on 2<sup>nd</sup> August 2007. Although some clarification was provided concerning the intentions of this Proposal at the Workstream, UKD believes that further clarification would be required to enable such a proposal to be implemented.

UKD believes that providing Users an opportunity for a 'second bite at the cherry' (particularly in the case of an ASEP where there is only one active User) could impact prices set at the initial QSEC and AMSEC auctions thus having an impact on the signals which should be derived from these auctions. To the extent that any benefit could be derived this Proposal would not prevent capacity being bought/hoarded by Users at the donor ASEP who may seek to prevent it being transferred to a competitor at another ASEP.

For the reasons outlined above, UKD believes that this Proposal would act to restrict competition between Users to the detriment of the relevant objective SSCA11.1(d).

Yours sincerely

Phil Lawton  
Distribution Regulation Manager