

Joint Office of Gas Transporters
UNC Workgroup Arrangements
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**Statement by DONG Energy on the
*UNC Modification 0407: Standardisation of notice periods
for offtake rate changes for all national Grid NTS Exit Users***

13 February 2012

Our ref.

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DONG Energy is a leading energy company in Northern Europe and headquartered in Denmark. We are one of the most active offshore wind investors and operators in the United Kingdom with a total capacity of approximately 2.8 GW, including five offshore wind farms in operation, a stake in further four sites currently under construction and a strong pipeline of potential future renewable projects.

In thermal generation, DONG Energy is operating the highly efficient CCGT power station Severn in South Wales. The gas for the power station is delivered through the WWU gas distribution network.

In general, DONG Energy is very supportive of the objectives of providing secure, affordable and low carbon energy as stated in the energy policy of the Government. DONG Energy is through our large investment programme making a considerable contribution to the decarbonisation of the economy.

The significant build out of wind energy, which is inherently intermittent power production, creates a need for flexible back up capacity to ensure security of supply. Gas fired power plants are viewed by Government and many other parties as an important provider of reserve capacity and security of supply.

To make a viable business case such gas fired power plants need to be able to ramp up and down in order to provide balancing services and therefore flexible gas delivery is crucial. The incremental changes to gas consumption can be significant in terms of both increases and decreases through the day. DONG Energy is very keen to be a supportive and active participant in the Balancing Mechanism and associated provision of ancillary services.

DONG Energy supports the case for change of the 2 hour 5% rule (UNC Modification 0407) in order to come closer to a level playing field and support the principle of non discriminatory fully competitive markets concerning the access to flexible gas delivery for efficient and flexible gas fired power stations.

It is our experience that directly connected gas power plants are not subjected to this restriction in practical operation, so the commercial possibilities for the respective units are not the same. On the contrary with inflexible gas nomination rules the capability of a gas fired power station is hampered and hence less capacity would be available in the NGET Balancing Mechanism and for other important short term system services.

Our ref.

We would be pleased to discuss this issue with relevant parties. Should you have any questions relating to our statement, please contact Jakob Forman on +45 99 55 91 66 or jakfo@dongenergy.dk.

Yours sincerely

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