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### **UNC Modification Proposal 0169**

### **Transfer and Trading of Capacity between ASEPs**

Dear Julian,

Thank you for your invitation seeking representation with respect to the above Modification Proposal.

#### **Summary**

National Grid NTS supports the implementation of Modification Proposal 0169.

National Grid NTS supports the implementation of Modification Proposal 0169 even though this will introduce additional complexity and place additional time constraints on running the Trade and Transfer auction processes.

#### **Rationale**

National Grid NTS considers that this Modification Proposal would:

- facilitate flexibility for available capacity to be reallocated to where Users value it most once the baselines have been set at the start of a price control without the User having to indicate where it desires the capacity to be transferred from.
- allow Users the opportunity to secure additional Capacity, in excess of an ASEPs Obligated level, therefore allowing gas flows onto the System that may otherwise be prevented.
- help avoid the potential sterilisation of NTS Entry Capacity and hence costs being inefficiently incurred.
- be able to be implemented ahead of the forthcoming winter.

- provide fixed ex-ante exchange rates providing certainty for the market.

**Extent to which implementation of Modification Proposal 0169 would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives**

National Grid NTS considers that Modification Proposal 0169 would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence:

- in respect of Standard Special Condition A11 paragraph 1(a) (the efficient and economic operation of the pipeline system), the Proposal would provide Users at sold out ASEPs the opportunity to seek to procure available capacity from other ASEPs. This may result in the avoidance of sterilisation of capacity and the stranding of gas offshore, and thereby better facilitate the economic operation of the NTS pipeline system.
- in respect of Standard Special Condition A11 paragraph 1(c) (the efficient discharge of the licensee's obligations under this licence), the Proposal is anticipated to meet new Licence Obligations on National Grid NTS to facilitate the transfer and trade of Capacity between ASEPs in the constrained period.
- in respect of Standard Special Condition A11 paragraph 1(d) ((securing effective competition between relevant shippers), the Proposal would promote the securing of effective competition between relevant shippers by use of a pay-as-bid auction for the allocation of any available capacity, taking effect across ASEPs.

Regards

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