



CHEMICAL INDUSTRIES
ASSOCIATION

Kings Buildings
Smith Square
London SW1P 3JJ

Telephone: 020 7834 3399
Fax: 020 7834 4469

Direct phone: 020 7963 6718

e-mail: brayh@cia.org.uk

www.cia.org.uk

UNC Modification 0116: Reform of the NTS offtake arrangements

CIA does not support the implementation of modification 116V, 116BV, 116CV or 116VD. We support the implementation of 0116A, the alternative proposal, because the transitional arrangements can support the economic and efficient operation of the pipeline.

CIA is not convinced that investment decisions would be better informed under modification 116B, 116BV, 116CV or 116VD. We believe that large users may not be sufficiently incentivised to provide signals through the complex mechanisms proposed, leading to a lack of information being generated and consequently less efficient investment than under the existing regime. Furthermore, we are concerned that despite steps designed to allow Users to passively manage their NTS Exit Flexibility Capacity requirements, customers will have to implement complex systems and processes to monitor operations in order to ensure they optimise their purchases of exit capacity.

We are concerned that industrial offtake points would be treated the same as gas distribution network operators (GDNOs) and power stations. GDNOs are subject to price control regulation, and shippers who represent industrial sites are not in a position to be able to fairly compete with DNs for access rights. Industrial consumers are not always able to provide long term commitments in the same way as a monopoly network businesses whose income stream is secured through the price control process.

We believe that making all transmission-connected customers firm would have a negative impact on the emergency arrangements. The HSE is already aware that emergency contact data is not accurate. Implementation of modification 0116 and its variations could result in more rapid progress to stages 2 and 3 of an emergency. We would not want National Grid's safety case to be negatively impacted.

Please contact me if you would like any clarifications.

Kind regards,

Helen Bray
Head of Competitiveness and Utilities



CIA members are committed to Responsible Care