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Your Reference: UNC Modification Proposal 0413S.

Re: UNC Modification Proposal 0413S DN Adjustment of notices for the reduction of Enduring Annual NTS Exit (Flat) Capacity.

Dear Bob,

Thank you for your invitation seeking representation with respect to the above Modification Proposal which National Grid Gas Distribution (NGD) would like to support.

Do you support or oppose implementation?

Support.

Please summarise the key reason(s) for your support.

This Proposal is consistent with allowing DN's to book capacity in line with their intended operation of an Offtake. Without this change, a DN's Enduring Annual NTS Exit (Flat) Capacity bookings may be overstated. This might occur because the DN would have to make an allowance for the uncertainty concerning the likelihood of achieving their NTS Exit (Flexibility) Capacity and/or their Assured Offtake Pressure requests. Under this new Proposal National Grid Transmission will allow a DN to submit a revised notice of reduction for Enduring Annual NTS Exit (Flat) Capacity for Gas years Y+1 to Y+6 (inclusive), providing there is some correlation with the rejection, or acceptance in part, of the DN's application for Flex.

Are there any new or additional issues that you believe should be recorded in the Modification Report

No

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should be a self-governance modification?

Yes.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Standard Special Condition A11.1 (c) Efficient discharge of the licencees' obligations.

NGD believes that implementation of this proposal will promote this Relevant Objective on the basis that it will provide better planning information to NTS and help to avoid any capacity sterilisation. It will also allow a DN to be more economic in its operation.

Impacts and Costs:

It is not anticipated that this will cause any significant costs or have any negative impacts.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

We believe that implementation could be effective 16 business days after a Modification Panel decision to implement.

It is desirable to have an effective implementation prior to 1st July 2012 in time for the next Annual Application Window for NTS Exit Capacity Applications and Notices of Reduction.

Legal Text:

NGD is satisfied that the text as published by the Joint Office within the Draft Modification Report meets the requirements of the Modification Proposal.

Is there anything further you wish to be taken into account?

No.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653994 (alison.chamberlain@nationalgrid.com) should you require any further information.

Yours sincerely,

Alison Chamberlain
National Grid Gas, Distribution