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7th June, 2013

Your Reference: UNC Modification Proposal 0443.

Re: UNC Modification Proposal 0443: Arranging Flow Swaps between NTS/LDZ Offtakes with increased lead times or for prolonged periods

Dear Bob,

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

Do you support or oppose implementation?

Support.

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

We welcome the opportunity to comment on this Modification Proposal. Its implementation will address an omission in the current arrangements. Currently flow swaps for planned, or urgent maintenance works, can only be requested the day before (at D-1) and can only be in effect for one Day (D). The flow swap becomes effective as part of the OPN process, this is done by revising an OPN but only once the initial OPN has been provided. Implementation of this proposal will allow flow swaps to be agreed via a Long term Flow Swap Agreement, for planned works as early as D-30, or for urgent works on the first day of the urgent work (OAD I 2.4 & 2.5 will be utilised on D1). It should be noted that both the Distribution Networks and National Grid Transmission may have need to utilise flow swap arrangements. Without implementation of this proposal a distribution network will be at risk of exposure to an overrun in circumstances which should be manageable by both parties.

During the development stage of this Modification Proposal NGD did explain that while it supports the proposal, we believe that the solution is rather cumbersome and that the issue could have been resolved by looking at the OPN process. However, we welcome all developments that promote a transparent approach to capacity bookings and flows. We recognise that this is a positive step and should a more elegant solution be identified in the future another proposal could be bought forward.

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

No

Self Governance Statement:

NGD agrees with the Proposer that this Proposal should be the subject of self governance. Given that affected parties agree that proposal should be implemented and it has a limited impact on consumers, self governance would seem appropriate.

Relevant Objectives:

NGD agrees that this proposal promotes the following Relevant Objectives:

b) the Coordinated, efficient and economic operation of:

- (i) the combined pipe-line system, and/ or
- (ii) the pipe-line system of one or more other relevant gas transporters.

Implementation of this Proposal will improve certainty for both parties in relation to planned maintenance and help in the advance planning process. This means that it is less likely that there will be any delays and thus the costs associated with those delays will be avoided. Under the current arrangements delays could be incurred where, for example, a team arrives to undertake planned maintenance but is unable to operate to plan due to the inability to make the necessary contractual arrangements required for a flow swap. This promotes the efficient operation of the combined pipe-line system.

c) Efficient discharge of the licensee's obligations.

Facilitating flow swaps whilst undergoing urgent or planned maintenance past Day One ensure that the 1 in 20 Licence Condition can be met by DNOs hence further facilitating relevant objective c).

Impacts and Costs:

There will be some minor implementation costs incurred by us as a result of setting up the standing contractual arrangements and modifying our procedures to accommodate the revised flow-swap process.

Implementation:

Implementation as early as possible is desirable.

Legal Text:

NGD is satisfied that the suggested 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 653559 (alan.raper@nationalgrid.com) should you require any further information.

Yours sincerely,

Alan Raper
National Grid Gas, Distribution