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Your Reference: UNC Modification Proposal 0458.

Re: UNC Modification Proposal 0458: "Seasonal LDZ System Capacity Rights".

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.

National Grid Distribution (NGD) supports implementation of this Modification Proposal. Given the example site, which has been outlined by SGN, it is possible to see that the existing UNC arrangements do not facilitate such a connection. We agree that it is desirable to utilise the system during the summer months, where the distribution network is able to facilitate such an arrangement, and for this particular customer the provision of these new arrangements would appear to be critical to their decision to connect to gas or not. It is important for GDNs to be innovative in considering the use of the existing system and to consider how we can facilitate efficient connection in line with feedback from stakeholders.

Modification Panel Members have indicated that it would be particularly helpful if the following could be addressed in your response:

Q1 - Your view is sought on whether this modification furthers Relevant Objective (d) in addition to those stated (a, b and c):

This question is more appropriate for shippers that are active in this market sector. However, we agree that it is possible to envisage promotion of competition between shippers following implementation of this Modification. Shippers may review their existing contracts and consider introducing new terms and marketing to a new category of consumer. Existing customers who may be able to avail themselves of these arrangements may shop around between different shipping organisations, seeking the best transportation terms available.

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

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We believe that implementation would further facilitate the relevant objective as set out within Standard Special Condition A11.1 (a), (b) and (c):

- Allowing a particular type of customer that has an off-peak capacity requirement to connect without the need to reinforce, is consistent with ensuring the efficient and economic operation of the pipe-line system.
- NGD agrees with the information provided in the draft modification report regarding the relevant objective that relates to the co-ordinated, efficient and economic operation of the combined pipeline system, in so far as these consumers can be accommodated on the network without requiring any increases in NTS Exit Capacity booking.
- Providing these sites are carefully monitored and comply with the applicable Uniform Network Code terms, it is possible to see that this is consistent with the Licence requirements contained within SSC A9 which oblige Transporters to meet 1 in 20 capacity provision, through the most efficient and economic means possible. To reinforce to meet the needs of a customer who has no need to use gas during the winter period, would effectively sterilise that capacity because the existing UNC terms would give that customer firm rights.

Impacts and Costs:

We believe that the Proposal could be implemented without incurring any significant costs.

Implementation:

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

It is likely that implementation could be effective immediately following a decision by the Authority.

Legal Text:

Should this Modification Proposal be implemented the legal text in relation to Bottom Stop SOQ (Section G 5.2.3) will need to be checked in the context of Modifications Proposals 0445 & 0478. For example 445 proposes to remove the Bottom Stop rules and 478 allows SOQ bookings below the prevailing Bottom Stop SOQ. Some consideration will need to be given as to how this, and the other two proposals, interact.

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