

Bob Fletcher
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

12 September 2011

Dear Bob,

Re: UNC Modification Proposal 0381 – Removal of the NTS Exit (Flat) Capacity “deemed application” process

Thank you for the opportunity to provide representation of the above noted Modification Proposal. Northern Gas Networks (NGN) is fully supportive of this Modification Proposal. Please find below NGNs comments in respect of the Modification Proposal.

NGN are supportive of this Modification.

Summary of key reasons:

NGN agrees with the proposer that the process of deeming enduring capacity to Users (shippers and DNOs) which will become applicable in October 2012 as a result of UNC Modification Proposal 0195AV is not appropriate.

Where Users offtake in excess of their registered capacity, the amount of the overrun will be subject to an overrun charge and this overrun charge provides adequate incentive for Users to ensure that they book sufficient NTS Exit (Flat) Capacity. Should a User overrun as a one-off instance, then if the capacity is deemed for an enduring period under the existing rules, then this capacity will not be available to other users to book. If the overrunning User does not need, and will not use this additional capacity, then this capacity will be inappropriately allocated which can lead to further inefficiencies.

Additional or new issues:

None.

Self Governance Statement:

NGN agrees that this is suitable for self governance.

Relevant Objectives:

NGN considers that this Modification facilitates the relevant objectives as indicated by the proposer. Specifically, NGN considers:

Condition	Description	NGN view
A11.1(a)	Efficient & economic operation of the pipe-line system	Removal of deemed applications removes the opportunity for capacity to be inappropriately allocated to a party who has no intent of utilising it.
A11.1(b)	Efficient & economic operation of the combined pipe-line systems	None
A11.1(c)	Efficient discharge of the licensee's	None

	obligations	
A11.1(d)	Securing effective competition: i) between shippers ii) between suppliers iii) between DN operators & shippers	Appropriate allocation of capacity to Users will ensure that Users are charged for actual capacity requirements within their business, and not for additional capacity that they do not request.
A11.1(e)	Provision of economic incentives for security of supply to domestic customers	None
A11.1(f)	Promote efficiently in implementation & administration of the UNC	None

Impacts and costs:

No comments

Implementation:

NGN considers that the implementation date on or before 1 October 2012 is both Appropriate and achievable.

Legal text:

NGN agrees that the legal text provided reflects the intent and content of the Modification Proposal.

Any further information:

None.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,



Joanna Ferguson
 Network Code Manager