

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

15 April 2013

Dear Bob,

**Re: UNC Modification Proposal 0439 - Notice for Enduring Annual Exit (Flat) Capacity Reduction Applications**

Thank you for the opportunity to provide representation of the above noted Modification Proposal. Northern Gas Networks (NGN) supports this Modification Proposal. Please find below NGN's comments in respect of the Modification Proposal.

**NGN supports this Modification proposal.**

**Summary of key reasons:**

This proposal, if implemented, will remove the "14 month's notice rule" such that where the user commitment period has been satisfied Users holding Enduring Annual NTS Exit (Flat) Capacity may apply, in the July application window of gas year Y, for a reduction with effect from the 1st of any month in gas year Y+1.

Removing the 14 month rule will help avoid the sterilisation of capacity by allowing Users to send appropriate signals and hold their true capacity needs. NGN believes that this also applies where no user commitment exists, e.g. initial allocations at October 2012 although this is not explicit in the modification.

**Additional or new issues:**

N/A

**Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

Condition	Description	NGN View
A11.1(a)	Efficient and economic operation of the pipe-line system	NA
A11.1(b)	Efficient and economic operation of the combined pipe-line systems	NA
A11.1(c)	Efficient discharge of the licensee's obligations	NA
A11.1(d)	Securing effective competition: i) Between shippers ii) Between suppliers	NGN agree that implementation will further this objective as it will ensure costs are allocated

	iii) Between DN operators and shippers	appropriately.
A11.1(e)	Provision of economic incentives for security of supply to domestic customers	NA
A11.1(f)	Promote efficiency in the implementation and administration of the UNC	NA
A11.1(g)	Compliance with European Regulation	NGN agree with the proposer that this will ensure National Grid NTS comply with article 16(2) of EC Regulation 715/2009, which obliges them to ensure efficient and maximum use of technical capacity.

**Impact and costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*  
 N/A

**Implementation:**

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

If this proposal is directed for implementation we would be happy for it to be implemented ahead of the July 2013 application window.

**Legal Text:**

*Are you satisfied that the legal text will deliver the intent of the modification?*

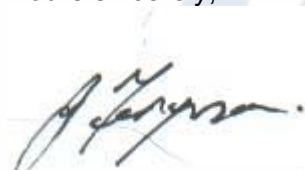
Yes, subject to acknowledgement that this includes capacity which has not been subjected to user commitment, e.g. initial allocation at October 2012.

**Any further information:**

N/A

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