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Your Reference:UNC Modification Proposal 0405.

UNC Modification Proposal 0405: "Bottom Stop SOQ Appeal Mechanism for 2011/12"

Dear Bob,

Thank for your invitation seeking representations with respect to the above Modification Proposal.

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

National Grid Distribution (NGD) supports implementation for the same reasons as it supported Modification Proposal 275, since the economic circumstances that led to that proposal remain evident. We believe that the UNC should provide appropriate incentives and provide mechanisms to ensure that costs are correctly allocated between shippers and that charges are proportional to network use; robust UNC rules are essential in this regard. However, given the prevailing economic conditions, we believe a temporary relaxation of those rules to permit an element of SOQ rebasing, to reflect a significant change to the pattern of use, could be justified for this winter.

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

We understand that this proposal could be of particular use to certain sectors of energy intensive, industrial gas market and that consideration should be given to customers where changes to market conditions mean that historic consumption patterns may not necessarily be an indication of future use.

Relevant Objectives:

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

- By ensuring that capacity is booked that reflects prospective consumption; the network can be more accurately modelled thereby ensuring the efficient and economic operation of the pipe-line system.
- By allowing shippers to book capacity which accurately reflects future use, appropriate charges can be levied, thereby securing effective competition between relevant shippers and between relevant suppliers.

Impacts and Costs:

We believe the proposal could be implemented without incurring any significant marginal costs.

Implementation:

Implementation should be effected as quickly as possible to ensure that shippers can utilise the capacity reduction facility before it expires on 31st January 2012.

Legal Text:

Since the text proposed simply changes the expiry date of previous transitional rules, we believe it satisfies the intent of the proposal and should be implemented.

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

NGD has not identified any such matters.

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

Please contact me on 01926 653559 (alan.raper@uk.ngrid.com) should you require any further information.

Yours sincerely,

Alan Raper
Network Code Manager, Distribution.