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5th May 2010.  
Your Reference: UNC Modification Proposals 0286 and 0286A.

**Re: UNC Modification Proposals 0286 & 0286A**  
**'Extending Modification Panel Voting Rights to a Consumer Representative'**

Dear Bob

Thank you for your invitation seeking representations with respect to the above Modification Proposals. Whilst in principle National Grid Gas plc (Distribution) ('NGD') supports the aspiration to incorporate consumer voting representation within industry code panels, we can only offer qualified support for the implementation of these proposed Modifications of the UNC.

We would suggest that these Modification Proposals have been raised prematurely given that the changes to be made to the Gas Transporters Licences (following conclusion of the Industry Codes Governance Review (ICGR)) have not been finalised. Whilst we acknowledge that the Proposals are consistent with the changes advocated by the ICGR, we believe that the changes should be considered concurrently with wider questions and implications for the UNC Modification Panel, its constitution and voting structure. For example, the ICGR proposals also advocate the appointment of an independent UNC Panel Chair with specific voting rights.

In respect of UNC Panel structure, introduction of *voting* consumer representation on the UNC Modification Panel is a fundamental change to the prevailing arrangements which afford equal voting rights to Transporters and Shippers as the parties to the UNC. Accordingly, where a Panel vote is tied with 5 votes for and 5 votes against implementation of a modification proposal, the overall vote is deemed to be for non-implementation, rather than no decision having been made.

The addition of one (or possibly two) consumer vote(s), would change this balance within the current UNC Panel structure by creating a casting vote, potentially resulting in the consumer representative being lobbied by other industry parties in order to assist them with making a decision. We believe that this may place an unfair burden on any consumer representative which finds itself in such a position.

Notwithstanding our preference for the issue of Consumer voting representation to be considered as part of evaluating the broader implications for the UNC Modification Panel, we agree that implementation of either Proposal would, on balance, better facilitate the relevant objective of discharging the Transporter's obligations under its licence, specifically in respect of considering the views of persons likely to be materially affected by a UNC Modification Proposal.

However, it is our opinion that better facilitation of this relevant objective would have been more compelling in the event that these Proposals had been raised *following* incorporation of Licence conditions requiring consumer voting representation on the UNC Modification Panel.

Please contact me on 01926 653541 (chris.warner@uk.ngrid.com) should you require any further information.

Yours sincerely,

Chris Warner  
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