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Dear John,

**Modification Proposal 0286 & 0286A
'Extending Modification Panel Voting Rights to a Consumer Representative'**

Thank you for your invitation seeking representations with respect to the above Modification Proposals. This response is on behalf of National Grid Gas Transmission.

As stated in our response to the Industry Codes Governance Review (ICGR) sent to Ofgem on 18th September 2009, National Grid Transmission supports the principle of having a voting consumer representative on the UNC Modification Panel. However, we only offer qualified support for Modification Proposals 0286 and 0286A.

We believe that these modification proposals pre-empted Ofgem's Final Proposals for the ICGR. Ofgem has indicated in the ICGR Final Proposals that, although neither 0286 or 0286A conflicts with the proposed licence modification, if either of the proposals are implemented "a further code modification may still be required in order to reflect the potential for a further consumer representative on the panel to be appointed by the Authority". Therefore we are of the view that it would be more efficient and economic for these proposals to be withdrawn and a new proposal raised that encompasses all aspects of the ICGR Final Proposals.

As part of the development of the replacement proposal it may also be prudent to consider how to implement the ICGR Final Proposals with regards to the Independent UNC Panel Chair voting arrangements and any other beneficial changes to the composition of the UNC Panel.

We consider that introducing a voting consumer representation is a fundamental change in the structure of the UNC Modification Panel. Currently, the Panel is comprised of 5 voting transporter representatives and 5 voting shipper nominated representatives. The Panel Chairman does not have a vote, nor do a number of other representatives who have the right to attend the Panel (consumer representative, Terminal Operators' representative, independent transporters' representative and independent suppliers' representative). 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. This provides a "fail safe" situation in relation to the ability of any party to appeal to the Competition Commission any subsequent Authority decision to implement a change to the regime. The addition of one (or possibly two) consumer vote(s), would change this "fail-safe" 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. This may place an unfair burden on any individual who finds themselves in such a position.

Please let me know if you require any further information to enable preparation of the Final Modification Report.

Yours sincerely

Beverley Viney