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Re: UNC Modification Proposal 0290 – To facilitate the release of Additional NTS Exit (Flat) Capacity at National Grid NTS’s discretion

Dear Tim,

Thank you for your invitation seeking representations with respect to the above Modification Proposal. As proposer, National Grid NTS supports implementation of Modification Proposal 0290.

Rationale

National Grid NTS supports the principles outlined within Modification Proposal 0290 and the view that this Proposal falls under the User Pays arrangements. The User Pays service that is being proposed in this Modification Proposal is for the development and implementation necessary to enable National Grid NTS to release additional Annual NTS Exit (Flat) Capacity in the July Annual Application Window for use in Gas Year Y+1, Y+2 or Y+3 where the aggregate quantity applied for at an NTS Exit Point and Gas Year is greater than the Remaining Available NTS Exit (Flat) Capacity at that same NTS Exit Point and Gas Year.

National Grid NTS is of the view that implementation of the Modification Proposal 0290 would provide benefit for all Shippers and Transporters by enabling the release of non-obligated Annual NTS Exit (Flat) Capacity over and above obligated release levels, in response to industry demand, signalled in the Annual Application Window. This would enable National Grid NTS to maximise the release of NTS Exit (Flat) Capacity, for example, where investment had been delivered early.

Extent to which implementation of Modification Proposal 0290 would better facilitate the achievement (for the purpose of each Transporters’ Licence) of the relevant objectives

National Grid NTS considers this Proposal would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence:

- ***Standard Special Condition A11.1(a): the efficient and economic operation of the pipeline system to which this licence relates;*** For the reasons given below, the Proposer believes that this Proposal will better facilitate relevant objectives A11.1 (a):

This Proposal would allow National Grid NTS to release annual NTS Exit (Flat) Capacity to the market over and above obligated levels, in response to industry demand. This could increase gas demand and flows on the NTS with increased throughput meaning the system would be operated at a lower unit cost rate. Implementation therefore could be regarded as facilitating economic and efficient operation.

- ***Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs***

(a) and (b), the efficient discharge of the licensee's obligation under this license; For the reasons given below, the Proposer believes that this Proposal will better facilitate relevant objectives A11.1 (c):

By facilitating the release of additional annual NTS Exit (Flat) Capacity in response to User driven demand, implementation would be expected to better facilitate National Grid in meeting reasonable demands for NTS Exit Capacity and so facilitate discharge of the licensee's obligations in this respect.

If you have any questions, please do not hesitate to contact me.

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