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07 December 2010

Re: UNC Modification Proposal 0347 – Amend NTS Exit Capacity Assignment Start Date

Dear Tim,

Thank you for your invitation seeking representations with respect to the above Modification Proposal. National Grid NTS offers qualified support for the implementation of Modification Proposal 0347.

Rationale

National Grid NTS supports the principal of bringing forward the start date for allowing the full assignment of registered Enduring Annual NTS Exit (Flat) Capacity to 1 June 2011 and agrees that there are benefits to Users in allowing them to move capacity between themselves prior to raising reduction/application requests in July 2011. National Grid NTS also agrees that the Proposal may benefit Users by removing the requirement for Users to enter into deeds of assignment or contracts with each other in order to guarantee assignment before 1 August 2011.

This is based on National Grid NTS's understanding that this proposal relates to the full assignment of Enduring Annual NTS Exit (Flat) Capacity only, as referenced in the UNC Section B 6 and does not include assignment of a partial quantity of Enduring Annual and Annual NTS Exit (Flat) Capacity as proposed by modification 0276.

National Grid NTS' current UNC obligation is to provide the system functionality required to support the full assignment of Enduring Annual NTS Exit (Flat) Capacity for the 1 August 2011. The system functionality to underpin this is expected to be implemented during April 2011. If this functionality is successfully implemented as anticipated scheduled (or prior to the 1 June 2011) then National Grid NTS fully supports the implementation of this Proposal.

The Proposer states that if the functionality were not implemented by the 1 June start date that they expect National Grid NTS to consider managing the first assignments manually with a view to populating the system when the functionality was available. It is this element of the Proposal that may cause the Transporters Agent (xoserve) and National Grid NTS some difficulty. Neither xoserve nor National Grid NTS know at this time whether the Proposer's suggestion of managing the first assignments manually then populating the system at a later date is feasible. In order to assess this National Grid NTS has requested a ROM (Rough order of Magnitude) from xoserve but it is unlikely that the results of this ROM will be received prior to February 2011.

Whilst National Grid NTS agrees that there are benefits to Users we are unable to quantify them and are unsure whether any such benefits would outweigh the potential difficulties and cost that National Grid NTS and/or xoserve would encounter if the system functionality was not available prior to implementing this proposal.

However National Grid NTS would like to reiterate that, were the system functionality to be successfully implemented prior to implementing this proposal, it believes there to be no issue with implementing this Modification Proposal.

Extent to which implementation of Modification Proposal 0347 would better facilitate the achievement (for the purposes of each Transporter's Licence) of the relevant objectives

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

- In respect of Standard Special Condition A11 paragraph 1(a), the Proposal would enable Users to make more informed increase/and or reduction Enduring Annual and/or Annual NTS Exit (Flat) Capacity requests in the July 2011 window, which may allow National Grid NTS to undertake better informed investment decisions and thereby better facilitate the efficient and economic operation of the NTS pipeline system;
- In respect of Standard Special Condition A11 paragraph 1(c), (the efficient discharge of the licensee's obligations under this Licence), the Proposal would promote the economic and efficient development and operation of the system which might be expected to facilitate the relevant objective of compliance with Licence obligations.
- In respect of Standard Special Condition A11 paragraph 1 (d), the proposal would better facilitate competition by adding more flexibility in the management of Users Enduring Annual and/or Annual NTS Exit (Flat) Capacity requirements.

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

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