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Mr J. Majdanski  
Secretary, Modification Panel  
Joint Office  
National Grid Transco

20 July 2005

Dear Julian

**re UNC Modification Proposal 0030 - "Extension of the QSEC auction timetable for 2005"**

Thank you for the opportunity to comment on this Modification Proposal.

Transco NTS supports implementation of this Proposal by 12<sup>th</sup> August 2005.

Transco NTS considers that the proposed change to the 2005 QSEC auction timetable is required if there is not clarity on entry Unit Cost Allowances (UCAs) for existing System Entry Points before the auction invitation is required to be issued on 19<sup>th</sup> August 05. The proposed change in the end date for this years QSEC auction would provide the flexibility to allow the QSEC auction to proceed as soon as possible, but without impacting the timescales for undertaking the annual and rolling Monthly NTS Entry Capacity auctions that follow the QSEC auction. Transco NTS considers that this is the most appropriate change to the auction timetable until Ofgem's conclusions on UCAs for System Entry Points are known.

Although the Modification Proposal, if implemented, would introduce additional uncertainty in the precise timing of the 2005 QSEC auction, Transco NTS considers that this would be preferable to running the auction according to prevailing UNC timescales in the knowledge of a potential change to the UCAs (Unit Cost Allowances). If Transco NTS had to undertake the QSEC auction while users were uncertain on future UCAs, Transco NTS considers that this could affect the strength of any investment signals it may receive through the auction.

Transco NTS believes that while this additional uncertainty is unavoidable, it can be minimised by considering those factors that might influence the timings of the QSEC auctions if these were to be held beyond September. In particular, following the raising of the Modification Proposal, further information in respect of the next release of the Gemini system has come to light that provides clarity on the availability of Gemini later in 2005. A number of UK Link approved outages are now scheduled to accommodate the Energy Balancing & Exit releases of Gemini. Although many of these should not affect the QSEC auction timetable, it is now apparent that it would be unrealistic to hold the QSEC auction in the first half of October 2005, were this Proposal to be implemented. This does not effect the Proposal, but would affect the actual dates upon which Transco NTS could conduct the 2005 QSEC auction.

Please contact me if you require any further information.

Yours sincerely,

Richard Court  
Commercial Frameworks Manager