



Mr Julian Majdanski
Secretary, Modification Panel
Joint Office of Gas Transporters
c/o National Grid

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2nd November 2005

Dear Julian,

Re: UNC Storage Withdrawal Curtailment Trade Arrangements in an Emergency. Modification Reference No. 0052

Thank you for the opportunity to comment on this DMR. British Gas Trading (BGT) support the implementation of this proposal.

Since the time earlier in the year when Shippers made Storage bookings for the winter 2005/6 period and subsequently the decision to fill the space available to them, there have been a series of changes to the rules surrounding the use of storage and its likely position in the balancing chain, and others are still under discussion. The key changes have been:

- The difference in safety monitor levels envisaged in the preliminary and final Winter Outlook Reports produced by National Grid;
- The proposal to allow National Grid to vary the safety monitors through the winter period (Mod 0050);
- The approval of Mod 0044 introducing potentially perverse incentives to withdraw gas from store earlier than might otherwise have been anticipated
- The consequential penalisation of prudent Shippers who have booked storage to meet security requirements for winter.

We see this proposal as a positive step towards redressing some of these issues. We recognise that at this stage in the winter it is impossible to reach a perfect solution and as such would recommend that debate is commenced immediately to consider further improvements to the regime in advance of the next storage booking season. This is in order that players can more accurately assess the value of storage in a controlled manner eg. by considering how National Grid can be financially incentivised to act correctly.

We trust that you find these comments useful but if you wish to discuss them further please do not hesitate to contact me.

Yours sincerely,

Simon Goldring
Head of Transportation