

21 November 2005

Julian Majdanski
UNC Modifications Secretary
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Dear Julian

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Uniform Network Code Modification Proposal 0061 – Facilitating further demand side response in the event that a Gas Balancing Alert is triggered

Thank you for the opportunity to respond to the above modification proposal.

Gaz de France ESS gives qualified support of this proposal.

Gaz de France ESS fully supports the implementation of the Gas Balancing Alert element of this proposal, please reference comments in our response to Modification 0062.

It is important that given the tight supply/demand balance forecast for the UK this winter and also the increased dependence on non UKCS gas supplies in subsequent winters that every opportunity is given to the demand side to participate in the market and with assisting National Grid with its role as System balancer. A key element to facilitate continued efficient operation of the System and to aid security of supply is to encourage further market development for demand side participants.

Currently the process in place does not allow for multi-day offers and as such precludes some participants from offering gas to the market. We feel the volumes that could be offered here from large end users are significant and could play a major part in preventing a potential or actual Gas Deficit Emergency. This proposal facilitates a route to market for this gas and better facilitates the relevant objective A11.1(a) efficient and economic operation of the pipeline system and also A11.1(e) to secure domestic supply security standards.

Discussions at Demand Side Working Group suggested that further supplies could be encouraged to market via OTC trading for non-OCM participants. This should also be encouraged; registration on OCM should not be a barrier to bringing gas to the market in severe circumstances. However, market information, particularly prices, should be clear especially when prices are likely to be both high and volatile in high demand days. System actions and resulting prices should be instantly

visible to Users in such a scenario and our support for this proposal is qualified on this basis. Where system actions are taken via an OTC trade this information must be readily visible to Users and incorporated into System prices without delay. Systems and processes must be in place to ensure there is no degradation of information available to market participants.

Should this modification be implemented Gaz de France ESS would welcome further discussion at Cashout Review Working Group to address:

- Calculation of SMP during a Gas Balancing Alert
- Tagging out de-minimus volumes

In conclusion, Gaz de France ESS considers that this proposal does further the relevant objectives as stated earlier by facilitating more gas to market, however this support is dependent on information provision being maintained to current standards.

If you have any queries regarding this response please contact me on 0113 306 2104.

Yours sincerely



Phil Broom
Regulatory Affairs Analyst
Gaz de France ESS