

Julian Majdanski
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3QJ

Declan McLaughlin
Commercial Manager

declan.mclaughlin@uk.ngrid.com
Direct tel +44 (0)1926 656914
Direct fax +44 (0)1926 656602

www.nationalgrid.com

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Your Reference 0081

Re: Modification Proposal 0081: AQ Review Process – publication of Information

Dear Julian,

Thank you for your invitation seeking representations with respect to the above Modification Proposal.

National Grid supports implementation. We believe that the current AQ review related provisions contained within the UNC are robust and, if adhered to, form a satisfactory and flexible regime. In 2003, Transco secured changes to the Network Code¹ which significantly improved the integrity of the AQ Amendment and Appeals processes.

This Modification Proposal does not feature any changes to the AQ review / calculation related methodology. It requires publication by Transporters of AQ information. Provided National Grid's confidentiality obligations are protected which we believe would be the case, we advocate the proposed changes. Incorporation of terms within the UNC regarding publication of information concerning the AQ Review process, as outlined in the Proposal, may provide additional contractual protection when releasing such information.

It is unclear whether the measures proposed would fundamentally lessen the likelihood of inappropriate behaviour. However, the increased publicity given to the annual review processes is not inconsistent with this.

National Grid agrees with the Proposer's view that implementation of this Modification Proposal would further the relevant objectives, as specified in SSC A11 of the Gas Transporters licence, by:-

Efficient and economic operation of the pipe-line system (para (a)).

Securing effective competition between relevant suppliers and shippers (para (d) and (ii))

¹ Modification 0624 'Changes to the 2003 Annual Quantity (AQ) Amendment Process'.

In conclusion, the enhanced scrutiny and governance of the AQ review process is likely to lead to more accurate AQs which would facilitate both of these objectives.

AQ accuracy delivers better information with respect to the likely demands upon the networks and in turn enables better planning and operation. Greater transparency of the process eliminates, or at least reduces, the potential for Users to gain competitive advantage from any biased approach to the AQ amendment process

As specified within the Draft Modification Report, we understand that a period of development would be required to deliver the full objectives of the Modification Proposal and therefore recognise that subject to the appropriate direction from Ofgem, immediate implementation may not be able to be achieved.

If you require any further information in respect of this representation please contact Chris Warner on 07778 150668 or email chris.warner@uk.ngrid.com.

Yours sincerely

Declan McLaughlin
Commercial Manager – Customer Services