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Your Reference 0083

Re: Modification Proposal 0083; Proposal to insert obligations to process data received from iGTs in line with the requirements as outlined within Annex A of the Connected System Exit Point (CSEP) Network Exit Agreement (NExA)

Dear Julian,

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

National Grid supports implementation and has the following comments in respect of the Draft Modification Report:

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

Implementing this proposal should not have any effect on security of supply, operation of the Total System, or industry fragmentation.

We believe that insertion of provisions in the relevant industry codes (including the UNC) increases the transparency of the administration of CSEPs and to this extent the risks of industry fragmentation are reduced due the governance arrangements for the respective Codes.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal , including a) implications for operation of the System:

No implications for operation of the system have been identified.

We believe that insertion of provisions that seek to maintain the accuracy of Annual Quantity (AQ) information ensures that the system is adequately sized to manage the demands made of it such that the risks of insufficient pressure or over-investment in reinforcement are minimised.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequences have been identified.

We believe that, as there are no current UNC provisions of this nature, the Transporters' UNC risk would increase. In being subject to UNC governance, a greater number of industry players are able to propose change to the contractual provisions to which Transporters are required to adhere.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

No such implications have been identified.

We believe that implementation would provide a greater degree of certainty and transparency for Users in respect of the services provided by the Transporters.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

Connected System Operators would need to consider the changes needed to ensure continued compliance with their revised NExA once revised as envisaged in the Proposal.

National Grid notes that this UNC Modification Proposal does not specifically propose any amendment of the CSEP NExA.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

- improved data processing
- Increases transparency of large Transporters' role in CSEP administration.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

Proposed Implementation Date: 1 October 2006, or later if necessary to coincide with implementation of related Modification Proposals to iGT Network Codes

National Grid agrees that it is only appropriate to implement this Proposal in the event that equivalent Modifications as proposed by ScottishPower are made to the relevant iGT Network Codes.

19. Text

To be inserted into section J6 of TPD

Where the Connected System Operator is a Gas transporter

the Transporter shall

keep the Connected System Operator informed in a timely manner of the development of the End User Categories applicable to that Connected System Operator for each Gas Year;

process data received from the Connected System Operator in connection with the Connected System Annual Quantity annual Update procedure for existing CSEP Users with logical meters within 2 Business Days following receipt;

validate data received from the Connected System Operator in connection with logical meter number Annual Quantity weekly updates and either reject or process it within 2 Business Days following receipt; and

acknowledge in writing to the Connected System Operator receipt of data received from the Connected System Operator pursuant to clauses [x] and [y] within 2 Business Days following receipt;

[] For the purposes of paragraphs [x] and [y], to "process" data means analyse and review the data received and carry out the relevant calculations in respect of it.]

[] Any proposal by the Transporter to amend the frequency or timing of the logical meter number Annual Quantity updates required from the Connected System Operator shall be deemed to be a proposal to amend the Transporter's Network Code and shall be subject to the Modification Rules.

National Grid has the following concerns in respect of the text specified in the report:

- The text is not actually numbered against specific paragraphs of the Section and is thus unclear.
- The text refers to some terms which are not currently defined and which require definition or explanation. For instance
 - Process - "relevant calculations"
 - "annual Update procedure"
 - "logical meter"
 - "validate" data - the current definition in OAD relates to validation of Metering Equipment re OAD Section D

National Grid is firmly of the view that this Modification Proposal requires consideration in conjunction with the Modification Proposals raised by ScottishPower in respect of the iGT Network Codes. The Proposals advocate the provision to Large Transporters by iGTs of data to which this UNC Modification Proposal refers.

We believe that the incorporation of provisions within the Uniform Network Code that require timely response to data received from independent Gas Transporters facilitates the securing of effective competition between Relevant Shippers.

Yours sincerely

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