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Your Reference 0102

Re: Modification Proposal 0102, Removal of Failure Notices in respect of Energy Balancing Credit.

Dear Julian,

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

National Grid (UK Distribution) (UKD) offers support for implementation of this Proposal which seeks to remove the requirement to issue failure notices in respect of Energy Balancing debt. UKD agrees with the Proposer that implementation would better facilitate the Relevant Objective specified in Standard Special Condition A11.1 (f), "the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code". UKD would also add that providing incentive for the right behavior and thus reducing industry risk would better facilitate the Relevant Objective specified in Standard Special Condition A11.1 (d) the securing of effective competition between relevant shippers.

UKD agrees that the delay caused by the lapse time period which follows the issue of a 'failure notice' has the potential to increase the industry exposure and delays the opportunity to convene an EBCC meeting to review Termination proceedings.

UKD believes that the defaulting User has ample opportunity to resolve its imbalance without the need for the additional time afforded by the 'failure notices'.

UKD is content with all other aspects of the Draft Modification Report including the legal text provided.

Yours sincerely

Phil Lawton
Distribution Regulation Manager