

Telephone No: 01926 656369  
FaxNo: 01926 656604  
E mail: Paul.A.Roberts@uk.ngrid.com

Mr J. Majdanski  
Secretary, Modification Panel  
Joint Office  
National Grid

Friday, 08 Sept 2006

Dear Julian

**Re: UNC Modification Proposal 0105 - “Commercial Arrangements for combined DN Exit/Entry Points”**

Thank you for the opportunity to comment on this Modification Proposal.

National Grid NTS notes that the proposal if implemented would result in different arrangements being in place for the new Holford Storage Facility relative to other system points. However, we recognise that there may be a case for treating Holford differently as an expedient measure for a short term basis only until long term arrangements can be developed for DN entry points and storage points.

Therefore, on balance National Grid NTS supports implementation of the Proposal as, in its view it would provide a pragmatic solution for the purposes of facilitating the Holford DN storage facility for the forthcoming winter and any other new DN entry points that are to be commissioned prior to October 2007. We agree with the Proposer that non-implementation would require the storage facility to comply with a number of UNC provisions that are probably inappropriate for this type of storage facility, and would require a number of licence changes, both of which would not represent an efficient and economic outcome.

National Grid NTS agrees that the suggested approach in the Proposal of designating Holford storage facility as a DN entry point, as opposed to a System Entry Point, for gas withdrawals would not require relevant shippers at Holford to procure NTS entry capacity. Hence, this would avoid the need for Ofgem to set UCAs (Unit Cost Allowances) and any baseline quantities (which we would expect to be zero) to be developed and published by National Grid NTS.

National Grid NTS agrees that the proposed arrangements should only apply on a transitional basis (until 1 October 2007), as any longer term arrangements would have to take into account, and be suitable for, all existing DN entry points in addition to any other potential new DN storage developments. Furthermore, with the proposed introduction of the NTS enduring exit arrangements for 2007, it is likely that the commercial arrangements beyond 1 October 2007 would need to be reviewed to ensure consistency with the proposed new exit arrangements.

**4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including  
d) analysis of the consequences (if any) this proposal would have on price regulation**

Following consideration of any impact of the Proposal on the NTS transportation charging methodology, we believe that the arrangements suggested in the proposal could be introduced without a change to the National Grid NTS' transportation charging methodology statement.

**19. Text**

Transition Document Part IIC

New paragraph 1.1.6

9<sup>th</sup> line – replace “enter” with “enters” and “accede” with “accedes”

In summary, for the reasons outlined above, National Grid NTS supports implementation of this modification proposal. Please let me know if you, or the SME assigned to this Proposal, requires any further information to enable preparation of the Final Modification Report.

Yours sincerely

Paul Roberts

Gas Charging and Access Development Manager  
National Grid NTS