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Dear Julian,

UNC Modification Proposal 0105: 'Commercial Arrangements for combined DN Exit / Entry Points'

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

As proposer, National Grid Gas plc (UK Distribution), ("Distribution") supports the implementation of Modification Proposal 0105.

As stated in the proposal, we are of the opinion that implementation would facilitate the introduction of a new service into the UNC that would have the potential to provide benefits to both shippers and customers. A transportation service that allows the offtake from a Distribution Network (LDZ), short term storage* and re-delivery direct into the Distribution Network has the potential to provide an additional balancing tool for shippers to meet demand. Although the service proposed here does not require gas to flow at peak, such entry points have the potential to deliver gas to the Total System at times of high demand. Consequently, the implementation of the proposal should provide an additional source of gas to shippers when needed most, although it should be noted that gas deliveries would be entirely dependant on the facility's operating cycle.

It is our opinion that this additional balancing tool, created largely by utilising existing transportation assets at marginal cost, would further relevant objectives SSCA11.1(a) and (d) of a gas transporter's licence. Specifically, we believe that the introduction of a new, simple, easily accessible DN Entry service, coupled to a storage facility, would enhance the efficient and economic operation of our pipeline system, and the additional balancing tool offered to Users, would assist in securing effective competition between relevant shippers and suppliers.

In terms of the transitional nature of this proposal, we believe that a term arrangement is appropriate, given the desire to make the facility that these arrangements would support operational ahead of the forthcoming winter, and the possibility that a DN Entry service may be the subject of further development during the next 12 months. A time-limited implementation provides a compromise that would meet both of these aspirations.

For these reasons, Distribution supports the implementation of Modification Proposal 0105.

Yours sincerely,

Phil Lawton.

* the storage service is not part of the transportation arrangements, and would be offered by a third party.