

Mr. Julian Majdanski
Joint Office of Gas Transporters
Ground Floor R
Homer Road
Solihull
B91 3QJ

Phil Lawton
Manager – Regulation
phil.lawton@uk.ngrid.com

Direct tel +44 (0) 1926 656448
Direct fax +44 (0) 1926 656620

www.nationalgrid.com

07 February 2007

Dear Julian,

UNC Modification Proposal 0121: 'The Provision of Ex-Post Demand Information for all NTS Offtakes'

Thank you for your invitation seeking representations with respect to the above Modification Proposals. National Grid Gas plc (UK Distribution), ("Distribution") does not support the implementation of Modification Proposal 0121.

Availability of Information – NTS / LDZ Offtakes

It is our understanding that the following information is already available:

To internet users:

Aggregate LDZ and Aggregate NTS direct connect offtake information for D is available on NTS's website on D+1, (UNC Operations Reporting Manual, Report SISR04)

To Shippers;

Individual LDZ offtake information for D is available on Gemini on D+1, (located in the "Measurements" section)

Therefore, from an NTS / DN offtake perspective, the *only* difference implementation would make, over and above the information provision arrangements currently in place, would be to require NTS to publish individual offtake information, currently available on Gemini, on its website too.

We believe that this duplication would represent inefficient business practices and require inefficient investment in systems. We do not have specific costs for this element of implementation but on the basis that costs are linear and proportional to the number of offtakes, excluding the NTS / LDZ Offtakes would reduce system implementation costs by two thirds.

The only benefit that would flow from making individual offtake information available on NTS's website would be to make that information available to all internet users. These would include gas customers and the general public and we do not understand how this information would be of value once placed in the public domain. This level of information, which is over and above the aggregate information currently available in the public domain, would simply inform which offtakes were being used to feed an LDZ on a particular day. We remain to be convinced that this information could be used meaningfully by any industry participant downstream of a shipper. We find it strange that this proposal makes the case for information, already available to the proposer, to be published in the public domain. We would view this issue in a different light if one of the parties that would benefit from the enhanced visibility were making the case for publication.

Availability of Information – NTS Supply Points and NTS Storage Connection Points

We are not against the publication of information that allows shippers to predict demand and balance as efficiently as possible, thereby bringing down costs and benefits to customers. However, we believe the carte-blanche publication of NTS supply point consumption histories, as advocated by this proposal, provides an unnecessary level of detail that customers may consider as confidential. We believe a more measured, aggregate approach, as proposed in Modification Proposal 130 occupies the middle ground of making after-the-day offtake information available, without breaching the bounds of commercial sensitivity.

Having visibility of consumption information for a particular offtake is meaningless information if the viewer does not have knowledge of the underlying reasons for the consumption. These offtakes are not purely temperature sensitive demands; production runs, plant outages, raw material shortages and other economic factors affect consumption. Aggregate information smoothes out factors specific to individual supply points and provides a better overall view of demand.

Implementation of this proposal would effectively require NTS to make available the consumption histories of NTS supply points on a web-site for all to see, including competitors of those companies. We believe the individual nature of the information being requested, when considered along side the fact there is no similar provision for LDZ connected supply points to reveal consumption histories, would cause an imbalance in the degree of information disclosure between supply points on different pressure tiers.

Summary

Our response can be summarised as follows:

- The proposal requires a duplication of expenditure in relation to LDZ offtakes, with little demonstrable benefit.
- We believe that implementation would require the publication in the public domain of information at a level of specificity over and above that required by shippers for demand prediction purposes.
- We believe aggregate information as proposed in Modification Proposal 130 is a more appropriate level of detail for demand prediction and affords anonymity with respect to information that is currently classed as *protected information* under the UNC.

It is our opinion, therefore, that implementation would not yield any furtherance of the relevant objectives laid out in SSC11 of NTS's transporter licence. Accordingly, Distribution believes this modification proposal should not be implemented.

Yours sincerely,

Phil Lawton.