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Dear Julian,

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UNC Modification Proposal 0134: 'Publication of Nodal NTS Demand Forecasts'

Thank you for your invitation seeking representations with respect to the above Modification Proposal. National Grid Gas plc (Gas Distribution) supports in principle the implementation of Modification Proposal 0134.

The proposal to publish nodal demand information should provide greater clarity and allow a better match of publicly available information to that used by NTS to derive transportation prices. Information made available in this way should assist shippers in producing keener prices and, hence, promote competition.

From a DNO perspective, we have no issues with offtake capacity information being published. However, we do have a slight reservation regarding the publication of individual supply point information for NTS supply points and whether this could result less accurate information being provided at the planning stage. We recognise that once a supply point is connected to the system, capacity information for such DM supply points is available through the SPA route for a nominating shipper and, hence this risk provides us with only a minor concern. Overall, to have all NTS offtake capacity information published and available in one place provides a simple and efficient method of dissemination.

Legal Text

Despite our support for the proposal, should implementation be directed, we believe that legal text should be varied prior to its insertion in the UNC as the current version in the DMR contains an inconsistency. Currently, paragraph O4.1.3 provides for the publication of total system demand split 3 ways; aggregate NTS supply point demand, (O4.1.3(b)), LDZ supply points demand aggregated by LDZ, (O4.1.3(a)) and LDZ connected systems aggregated by LDZ, (O4.1.3(c)), thereby splitting LDZ demand between supply points and connected system exit points.

The proposal states that system capacity requirements should be published at NTS offtake level and provided in the Ten Year Statement individually by NTS/LDZ offtake and by NTS supply point. As far as NTS/LDZ offtake capacities are concerned, by definition they contain both supply point demand and CSEP demand. Consequently, implementation should remove the requirement to publish separately LDZ aggregate CSEP demand. As a remedy, we propose that paragraph O4.1.3(c) should be deleted and that this could be done as an immaterial amendment to the text in the DMR, prior to its submission to the Authority in the FMR.

In summary, we believe implementation would provide additional information to market participants and provide for better economic decision making, thereby securing more effective competition. This is consistent with the relevant objectives laid out in SSC11 of NTS's transporter licence, and accordingly, we believe this modification proposal should be implemented.

Yours sincerely,

Phil Lawton.