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Modification Panel Secretary
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2 May 2007

Dear Julian

Modification Proposal 0139/139A: Amendments to UNC TPD OCS Process and Long Term Allocation of Capacity in the Transitional Period

Thank you for providing SGN with the opportunity to comment on the above Modification Proposal. SGN is supportive of Modification Proposal 0139 but not supportive of implementation of Modification Proposal 0139A as it stands.

Modification Proposal 0139

The proposal has been raised following experience of the OCS process. It seeks to address a number of administrative and operational aspects of the current arrangements to ensure that going forward the process and outcome is more robust.

The proposal has been discussed with other Transporters and discussed at Workstream to ensure participants had an opportunity to provide early feedback and to allow the proposer the opportunity to amend the proposal. The Modification Proposal, Draft Modification Report and suggested legal text take account of comments received.

We believe that by amending arrangements so that DNO Users are informed at the earliest opportunity where National Grid NTS believes it will be unable to meet a DNO User's capacity application and by providing information e.g. as to the nature of any limitation and the expected level of capacity that could be released, DNO Users will be able to adjust their request to ensure DNO Users requirements can be met in the most economic and efficient way possible whilst taking in to account implications for National Grid NTS. We believe this will ultimately better facilitate the relevant objectives, particularly in relation to the economic and efficient development and operation of each individual Transporter's system and the combined pipeline system. Whilst we appreciate tightening of the timescales for each Transporter at the end of the OCS process will create some additional pressure, we believe this will be minimal and greatly outweighed by benefits offered by having an opportunity to clarify requirements and refine applications / allocations at the end of the process.

In addition arrangements which facilitate the application of firm capacity rights on a long term basis outwith the Application Window at NTS/LDZ Offtakes should help ensure capacity can be allocated and utilised immediately where available on the LDZ and at the NTS/LDZ Offtake. This should improve efficiency of current arrangements, maximising use of available system capacity and ensure customers connecting to the DN are not disadvantaged, particularly relative to NTS connected customers, as a result of capacity booking arrangements. The proposal should ultimately benefit Shippers and end users, who would

otherwise have to wait until the next Application Window or enter in to interruptible transportation arrangements.

Concerns were raised by National Grid NTS regarding potential impact on storage monitor levels on the NTS. It was never the intention of this proposal that arrangements should in any way place obligations on National Grid NTS that could prejudice its wider or higher obligations regarding the safe or efficient operation of its network, as such the Draft Modification Proposal and suggested legal text have been amended to provide additional clarification on this point. National Grid NTS would only be required to release capacity outwith the Application Window where it is available and would not impact on storage monitor levels and thereby cause a Potential Network Gas Supply Emergency or actual Gas Supply Emergency.

Modification Proposal 0139A

This alternative does not alter any of the details contained in Modification Proposal 0139 or the substance of the proposal. Modification Proposal 0139A adds an additional requirement, that the outcome of the OCS process be made available to all Users “by 30 September each Gas Year”, the same point at which information would be released to applicants i.e. DNO Users.

SGN is disappointed that such concerns or the intention to raise the proposal was not raised at Workstream or Modification Panel before Panel determined that Modification Proposal 0139 should proceed to consultation. It is generally recognised that it is good practice to ensure a proposal is discussed at Workstream before or during consultation to allow any feedback before the proposal is raised or before consultation responses are due. We do not believe it was necessary for the specific aspect of this proposal to be raised as an alternative. There is no urgency and the proposal could have achieved the same results within appropriate timescales as a stand alone proposals. This would also have allowed the opportunity for industry discussion through one of the Workstream meetings. As it stands, we believe there are several aspects that require clarification and further consideration but this hasn't been possible within the timescales set for 0139:

- 0139A sets out a number of options relating to how information could be provided e.g. Gemini, National Grid's website or hard copy. No discussion has taken place or information is presented regarding :
 - o appropriateness of each option
 - o industry preferred approach
 - o timescales associated with each approach
 - o cost of each approach.SGN believes further consideration is required in relation to each of these points before a decision could be made.
- It is not clear whether it is possible under any or all of the suggested approaches information can be provided within the timescales proposed – 30th September.

It is suggested the outcome of the OCS process should be published as it is of “potential relevance” to the enduring arrangements in order for Users to assess their capacity requirements. Whilst this is not explained in any more detail, SGN acknowledges that bookings or allocations in a specific location may be of interest to other parties in the same location. However at the core of enduring arrangements was the requirement to remove any inconsistency in arrangements and potential for discrimination between Shippers and DNO Users. This modification proposal is at odds with this principle, releasing information regarding one category of User only. SGN believes this would be discriminatory and could raise competition issues. Further consideration should be given to what comparable information should be released relating to capacity bookings for NTS Supply Points that would allow DNO Users to assess their offtake requirements and ensure a level playing field in the run up to enduring arrangements. We also note the proposal does not take account of any capacity bookings made outwith the Application Window. This is a key aspect of Modification Proposal 0139. It is not clear whether this was intended or an oversight. We would expect such information could be just as relevant to Shippers or other DNO Users.

Given the above, SGN supports implementation of Modification Proposal 0139. We do not believe 0139A has been fully developed. There are aspects that require further clarification and consideration. We suggest aspects of the proposal would benefit from Workstream discussion before being raised as a separate proposal. We believe such a proposal could still be considered and implemented if it was deemed appropriate, to ensure information is

released prior to enduring arrangements being implemented next year.

We hope these comments are helpful.

Yours sincerely

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