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Dear Julian,

**Re: Modification Proposal 0142 “Extension of the Sunset Clauses for registration of Capacity at NTS Exit Points”**

It is difficult to comment on the merits or otherwise of this proposal given that its relevance will depend on the outcome of E.ON's appeal to the Competition Commission with regard to Modification Proposals 0116V and 0116A.

Clearly if the Competition Commission upholds the Authority's decision to approve 0116V and reject 0116A, Modification Proposal 0142 should be implemented as it would remove the uncertainty resulting from the absence of rules for Firm Capacity Applications covering the period between 1 October 2010 and 30 September 2011. This will better promote competition in the shipping and supply of gas. If however E.ON's appeal is successful and the Authority's decision is overturned Modification Proposal 0142 is simply irrelevant as the sunset clause would not exist.

The need for NGG NTS to put forward this proposal does however show how inappropriate it was to include this sunset clause in the UNC when the code was first designated by Ofgem in May 2005. It was always wrong in principle to include such an arbitrary end date within the code. Our views on this matter are set out fully in our response to Modification 0046 and in the 0116V and 0116A appeal documents lodged with the Competition Commission.

Yours sincerely

Peter Bolitho  
Trading Arrangements Manager

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