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Modification Panel Secretary
Joint Office of Gas Transporters
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Dear Julian,

SGN Response to Mod 0142: Extension of the Current Sunset Clauses for Registration of Capacity at NTS Exit Points.

Thank you for providing SGN with the opportunity to comment on the above modification proposal. SGN are in support of this proposal.

After the completion of the DN sales a reform of the NTS offtake arrangements were introduced in two phases, 'Interim Arrangements' and 'Enduring Arrangements' (by September 2005). The UNC was subsequently developed on the basis that the Interim Arrangements would expire on 30 September 2008 and sunset clauses were introduced associated with the arrangements.

On 24 June 2005 the Authority announced the delay to the implementation of the Enduring Arrangements until September 2007 for release of NTS Exit Capacity rights from Gas Year 2010/2011 to permit more time to consider and refine the detail of these arrangements; Modification Proposal 0046 'Extension of the Sunset Clauses for Registration of Capacity at NTS Exit Points' was subsequently raised to extend the Transitional Arrangements by 2 years.

Implementation of this modification proposal would extend the current arrangements for Firm Capacity Applications to continue until 30 September 2011. This would allow DNO Users to apply for NTS Offtake Capacity requirements and National Grid NTS to confirm capacity allocations to DNO Users for an additional Gas Year 2010/11.

SGN agrees with comments made by National Grid NTS that implementation of this modification proposal better facilitate the relevant objectives. The proposal will support the Transporters in undertaking informed, coordinated, efficient and economic investment decisions and ensure sufficient transportation capability is available to meet customer demand until the Enduring Arrangements are implemented and take effect from 01 April 2008 for Gas Year 2011/12 onwards. The Modification Proposal should also help ensure there is no adverse impact in terms

of efficiency and operation of the system or security of supply until enduring arrangements take effect.

We believe the arrangements set out in this proposal represent a simple and pragmatic way of bridging the gap that exists between existing and enduring arrangements following The Authority's decision to direct implementation of Modification Proposal 0116V. They do not seek to amend current arrangements in any way. They simply extend the status quo for one further Gas Year.

We note that National Grid NTS has indicated that they plan to consult on changes to the IExCR to extend its applicability beyond 30 September 2010. We are not sure what changes are envisaged or required but would urge that this is brought forward as soon as possible given there could be implications for DNO Users in relation to capacity applications submitted during this Application Window this summer.

We would also note the interactions between this Modification Proposal and Modification Proposal 0139 and 0139A. SGN believes that both sets of proposals are capable of being implemented, and whilst it would appear the intention is not to amend the arrangements put forward under Modification Proposal 0139 or 0139A, careful consideration may need to be given to legal text depending on the nature and timing of The Authority's decision in relation to this and the above proposals.

We hope you find these comments helpful

Yours sincerely

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