

Mr J. Majdanski  
Secretary, Modification Panel  
Joint Office Ground Floor Red  
51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

Email: [enquiries@gasgovernance.com](mailto:enquiries@gasgovernance.com)

Dear Julian,

01 August 2007,

**RE: Modification Proposal 0159 – “National Grid NTS discretionary release of Interruptible NTS Entry Capacity”**

Thank you for the opportunity to comment on the above Modification Proposal.

Centrica Storage Ltd (CSL) supports the implementation of National Grid (NG) NTS' Modification Proposal 0159 and the proposed implementation date.

CSL is supportive of any mechanism which seeks to release more entry capacity to market participants. CSL has fully supported the introduction of Trades and Transfers and with it the benefits to the economic and efficient operation of the NTS through the short term optimisation of existing entry capacity. Moreover, we see the introduction of trades and transfers as being part of a package of reforms to the entry regime which include reform of the interruptible regime and improvements in the transparency arrangements for market participants. We believe that modification proposal 0159 is a useful incremental step to maximise entry capacity release across the network through the removal of contractual constraints to capacity release.

The introduction of a minimum UIOLI calculation increases the opportunity for NG NTS to release more entry capacity across input points, enabling more efficient delivery of lowest cost gas supplies and better discovery of entry capacity prices and therefore can also be considered to better facilitate the relevant objectives under Standard Special Condition A11 paragraph 1(a)(i); the securing of effective competition between relevant shippers.

Users will have greater opportunity to secure additional capacity therefore allowing gas flows onto the system that may otherwise be prevented and may avoid the potential sterilisation of entry capacity and hence costs being inefficiently incurred.

We note from the Draft Modification Report that interruptible capacity released on a discretionary basis will be made available at D-1 through the DISEC mechanism. This will aid NG NTS' planning on forward flows for the next gas day. CSL believe that implementation of this proposal should therefore give greater certainty to NG NTS on how to configure the system so as to maximise the release of entry capacity within day.

It is crucial for NG NTS to maximise the release of capacity within the gas day when it is known with far greater certainty what capacity is available to the network. For UIOLI to be truly effective it must apply on all released forms of capacity, be that firm or interruptible. It is not immediately clear if this proposal will help deliver capacity release at or very close to network capability. For this reason we see the work being progressed at work stream on transparency of information (such as feeder pressures) as essential, enabling Users to monitor the timing and extent of capacity release. The importance of transparency of network operation is increased as this proposal is 'discretionary' release and not an obligatory release of a pre-defined levels of interruptible entry capacity.

Finally we ask that NG NTS clarify their interpretation of the UNC in respect of interruptions and the prevailing factors applying to the flow of and therefore use of interruptible capacity. We would expect a network being operated at close to maximum capability to show curtailment factors other than 0 or 1 and for the possibility of reinstatement of curtailed capacity in response to changing supply/demand patterns.

In conclusion CSL believes that the implementation of the proposal will better facilitate the achievement of the relevant objectives, leading incrementally to improvements in economic and efficient operation of the market. Failure to implement could result in stranding of capacity and undue restrictions on UK gas delivery.

If you have any questions or queries regarding this response, please do not hesitate to contact me.

Yours sincerely

James Lawson

**centrica**  
storage