

September 10, 2007

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

Centrica Storage Limited
Venture House
42-54 London Road
Staines
Middlesex TW18 4HF

Telephone 01784 415 300
Facsimile 01784 415 318
www.centrica-sl.co.uk

Email: enquiries@gasgovernance.com

Dear Julian,

RE: Modification Proposal 0164 "Bi-Directional Connection Point Overrun Charge Calculation"

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

Centrica Storage Ltd (CSL) supports the implementation of Modification Proposal 0164.

As we have stated in our modification proposal, we understand that when AT Link was originally developed, to overcome an unforeseen shortcoming, a work-around was implemented requiring bi-directional sites to be represented by two sets of meters and nominations; one exit and one entry. As a consequence, system users have been exposed to inappropriate overrun charges where no physical flow has taken place. This modification proposal is intended to rectify this concern.


With regards to the extent to which Modification Proposal 0164 better facilitates the achievement of the Relevant Objectives we offer the following comment.

1. The introduction of the improved calculation mechanism will enable users to optimise gas portfolios more economically and will benefit the end user through lower cost energy supplies as the current system disincentives users from flowing economic sources of gas.
2. The introduction of the improved calculation mechanism will stop undue cross subsidisation through the capacity mechanisms from bi-directional connected users to uni-directional entry point users and exit point users.
3. The mod removes the requirement to purchase more entry and exit capacity than is physically needed, thus reducing capacity shortages, reducing artificially high prices and removing distorted system investment signals.
4. The introduction of the improved calculation mechanism removes undue discrimination where a user is exposed to overrun charges when he has acted responsibly and had no detrimental effect on the system.

In conclusion CSL believes that the implementation of Modification Proposal 0164 better facilitates the achievement of the Relevant Objectives and is fully supportive for the above reasons.

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

Yours sincerely,


Craig Purdie
Regulatory Analyst