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Dear Julian

Re: Modification Proposal 0198: "Extension of Current Sunset Clauses for Registration of Capacity at NTS Exit Points"

Thank you for your invitation seeking representations with respect to the above Modification Proposal. These comments are on behalf of National Grid Gas Distribution ("Distribution").

Distribution supports the implementation of Modification Proposal 0198 in line with the suggested implementation date of 1 June 2008. This is necessary to enable DNs to book NTS Offtake Capacity (in June/July 2008) beyond September 2011 and comply with their regulatory and safety obligations.

The reasons for this are that the relevant provisions in the UNC were written on an interim basis pending the introduction of an enduring regime that was originally anticipated to be by 1 October 2008, then 1 October 2010 and subsequently 1 October 2011. Consequently, following the outcome of the Competition Commission decision and the recent Ofgem announcement of the further delay to the enduring regime, there exists no mechanism to enable capacity registration for the period beyond October 2011. It is therefore proposed in this modification that transitional provisions for capacity registration be extended to Gas Year 2011/2012.

We would like to make an additional comment that although Modification Proposal 0090, Revised DN Interruption Arrangements, is a standalone proposal the delay in enduring reform does mean that DNs will have to make an estimate of the costs of the relevant NTS Exit Capacity if they wish to enter into interruptible contracts with contract periods from October 2012 onwards.

The proposal demonstrably better facilitates the relevant objectives as stated below.

Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Gas Transporter Licence Standard Special Condition A11.1

(a) *the efficient and economic operation of the pipe-line system to which this licence relates;*

the implementation of the Proposal would enable DNO Users to register their NTS/LDZ Offtake Capacity requirements beyond September 2011, which would allow DNO Users and

National Grid NTS (“NTS”) to undertake better informed investment decisions in their own networks and thereby better facilitate the efficient and economic operation of their pipeline system; and

- (b) so far as is consistent with sub-paragraph (a), the coordinated, efficient and economical operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters;**

the implementation of the Proposal would enable NTS and DNO Users to formally confirm NTS/LDZ Offtake Capacity levels to support their respective investment decisions beyond September 2011 and thereby better facilitate the co-ordinated, efficient and economic operation of the combined pipe-line system; and

- (c) so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;**

the implementation of the Proposal would also promote the economic and efficient discharge of the DNO Users Licence obligations by promoting economic and efficient development and operation of the system.

I hope you find these comments helpful.

Yours sincerely,

Mark Freeman