



Tim Davis  
Joint Office of Gas Transporters  
31 Homer Road  
Solihull  
West Midlands  
B91 3LT

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Dear Tim

**Re: Modification Proposal 216: Introduction of an additional Discretionary Release Mechanism for NTS Entry Capacity & 216a - Introduction of Additional Pay-as-Bid Auctions for NTS Entry Capacity**

Thank you for the opportunity to comment on the above proposals relating to the additional release of NTS Entry Capacity. Corona supports the eON raised modification 216A but does not support the National Grid Group (NGG) raised modification 216.

Corona welcomes the release of additional entry capacity as it believes the availability of additional entry capacity benefits consumers and all market participants by encouraging a liquid NBP market. Corona is concerned however that a regime governed under code modification 216 would lack the necessary transparency required to ensure the UK gas markets would not be affected by the release of the additional entry capacity amounts.

The bilateral nature of the process under modification 216 raises questions about how the process would operate and the level and nature of risks that are placed upon other participants. In particular Corona notes that the seven day notice period in modification 216 has the potential to affect the supply position within relatively short timescales which could lead to market distortions.

As Corona relies on liquid wholesale markets to ensure it can offer fair prices to its customer it is concerned about anything which can impact on the wholesale prices and the confidence of the market. Corona believes that the risk of market distortion through the eON modification 216a is significantly reduced as it has a twenty eight day notice period and the market will therefore have more time to react to changed supply levels.

In industry discussions NGG has recognised the risks of market distortions associated with modification 216. NGG have stated that concerns over security of



supply have led them to continue with the modification in its existing format. Corona rejects this argument as it fails to understand how a seven day notice period would resolve a security of supply situation prior to the command and control powers of the NEC being invoked.

Outside of a security of supply scenario Corona believes that it is more appropriate that monthly periods of capacity are made available as proposed by Modification 216a. This avoids treating shippers booking capacity through this mechanism differently from those who have booked capacity through the annual or monthly auction processes.

Both modifications fail to define the process and criteria for judging competing requests for entry capacity. Unlike modification 216, modification 216a is clear in defining how the auction process would be operated. Corona believes that it is more appropriate that modifications should be raised with transparent processes and business rules already defined and agreed rather than assuming they may be provided at a later date at NGG's discretion.

I trust these comments are helpful, if you have any queries regarding this response please contact me on 0208 632 8169.

Yours,

Richard Street\*  
Regulatory Affairs Manager  
Corona Energy

\*please note as this letter has been delivered electronically a signature will not be attached