



Modification No 230 & 230a Amendment to the QSEC and AMSEC
Auction Timetable
Comments from AEP¹

The Association welcomes the opportunity to comment on this modification proposal.

The Association offers support for modification proposal 230a in preference to 230. We consider that 230a is more appropriate since it avoids an 18 month gap between QSEC auctions. This gap could create unnecessary risks for shippers in looking to secure long term entry capacity for bringing gas into the UK. In turn this could delay investment which could have security of supply and / or pricing implications at a time when ongoing investment in storage and import infrastructure is required.

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 pipeline system

Implementation of either proposal would enable utilisation of the final summer build period prior to the release of incremental capacity in October. This would reduce the risk of gas being stranded offshore and investment related buy-backs

(d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:

- (i) between relevant shippers*
- (ii) and suppliers;*

¹ The Association of Electricity Producers (AEP) represents large, medium and small companies accounting for more than 95 per cent of the UK generating capacity, together with a number of businesses that provide equipment and services to the generating industry. Between them, the members embrace all of the generating technologies used commercially in the UK, from coal, gas and nuclear power, to a wide range of renewable energies.

- (iii) *between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;*

The Association believes that avoiding an 18 month gap between opportunities for securing long term entry capacity will give shippers more certainty over their ability to bring gas into the UK, reducing risk and uncertainty in the market and promoting competition between players. transparency of information leads to more efficient and competitive markets, by providing a level playing field between parties.

Analysis of any advantages or disadvantages of implementation of the Modification Proposal

The Association agrees with the advantages and disadvantages listed in the modification proposal 230a.

11th December 2008