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Re: UNC Modification Proposals 0230 and 0230AV – Amendment to the QSEC and AMSEC Auction Timetables

Dear John

Thank you for your invitation seeking representations with respect to the above Modification Proposals. This representation replaces National Grid NTS' earlier representation submitted in respect of proposals 0230 and 0230A.

Summary

As proposer, National Grid NTS supports implementation of proposal 0230. National Grid NTS also supports implementation of proposal 0230AV but supports 0230 in preference to 0230AV for the reasons outlined below.

Rationale

National Grid NTS considers that Modification Proposals 0230 and 0230AV would:

- Utilise the final summer build period prior to delivery of Incremental NTS Entry Capacity for construction activities, aiding the timely delivery of that capacity. This benefits consumers as the risk of gas being stranded offshore is reduced, as is the risk of investment related buybacks and the associated costs being smeared across shippers.
- Result in Incremental NTS Entry Capacity being released from the start of the winter period, when flows increase.
- Ensure that the QSEC and AMSEC auction processes do not overlap by moving the AMSEC auction to June in the case of proposal 0230, and shortening the transaction period of the AMSEC auction in the case of proposal 0230AV.

National Grid NTS supports Modification Proposal 0230 in preference to 0230AV because:

- Proposal 0230 allows for a timely transition to the new regime, providing for significant issues currently being debated by industry (such as Review Group 221, Substitution) to be resolved prior to the next QSEC auction being held in March 2010, as opposed to proposal 0230AV which would allow for a September 2009 QSEC auction.

Extent to which implementation of Modification Proposals 0230 and 0230A would better facilitate the achievement (for the purposes of each Transporter's Licence) of the relevant objectives

National Grid NTS considers that both proposals would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence:

- In respect of Standard Special Condition A11 1(a), the efficient and economic operation of the pipe-line system, the proposal would enable utilisation of the final summer build period prior to delivery of Incremental NTS Entry Capacity for construction activities ensuring the timely delivery of that capacity, which reduces the risk of gas being stranded offshore and the risk of investment related buybacks.
- In respect of Standard Special Condition A11 1(d), the securing of effective competition, the avoidance of gas being stranded offshore would promote competition between Shipper Users.

If you have any questions, please do not hesitate to contact me

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