

Mr John Bradley

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**UNC Modification Proposal 0240 –
“Promoting Competition in Operating Margins Provision”**

Dear John,

Thank you for your invitation seeking representation with respect to the above Modification Proposal. National Grid NTS, as proposer of the modification, supports implementation for the reasons set out in the proposal.

The above Modification Proposal and associated Suggested Text was developed and agreed with interested parties in the Transmission Workstream Operating Margins Contestability Sub-Groups. National Grid presented to the sub group the changes required to UNC TPD Section K which would facilitate the provision of Operating Margins from a wider pool of potential providers. It was also noted during discussions that Section K was extremely complex and whilst being developed would benefit from being reviewed to add clarity to the existing process and address previous cross referencing errors.

I would like to take the opportunity to thank all parties which participated and contributed in these Sub-Groups.

In response to comments that the timescale for implementation, tender submission and acceptance and approval of the Safety Case changes by 1st April 2009 is very ambitious, it is not our intention to request a material change to our Safety Case in such timescales. Given that the proposed procurement arrangements have yet to be put into practice and the services procured tested to demonstrate their capability, it is our intention to work with potential service providers over the coming months to put together a robust demonstration to support a submission of a revised Safety Case to the HSE. This Modification Proposal is not dependant on this submission as it merely seeks to put in place the necessary commercial contract parameters to facilitate the most efficient procurement of these services.

Please let me know if you require any further information to enable preparation of the Final Modification Report.

Yours sincerely,

Louise McGoldrick
Commercial Analyst