



**Modification Proposal 240 – Promoting Competition in Operating
Margins Provision
Comments from AEP¹**

The Association welcomes the opportunity to comment on this draft modification report.

The Association supports the proposal.

We recognize that this proposal is enabling in that it will promote competition in operating margins provision by allowing non-storage based Operating Margins providers. However for new providers to participate, NG will need to submit and secure approval of a material change to the Transporters Safety Case. Therefore even despite the progress over the last 18 months, the timescales remain very ambitious with tenders currently out for consideration and responses being due by the end of this month. It remains unclear whether demand side players are yet in a position to participate in the tenders or whether if they submitted a response NG could accept it before the revised Safety Case has been accepted.

Irrespective of this we consider that the proposal furthers the relevant objectives;

SSC A11.1 (d) by enabling competition between shippers in the provision of Operating Margins Services

SSC A11.1 (c) NG meeting SC C25 to use reasonable endeavours to promote competition in the provision of Operating Margins services by 1 April 09.

SSC A11.1 (a) more efficient and economic operation by allowing Operating Margins to be utilized for 24 hours from the initial incident rather than being restricted to the Gas Day.

January 13, 2009

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.