

Mr. John Bradley
UNC Panel Secretary
Joint Office of Gas Transporters
1st Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

11 May 2009

Dear John,

RE: Modification proposal 0249 – “Introduction of an Enduring Annual NTS Exit (Flat) Capacity Invitation Letter”

British Gas Trading supports the implementation of this modification proposal.

We agree with the Proposer that the information set out for provision by the proposed Invitation Letter may help Users decide the extent to which they will apply to acquire or release enduring annual NTS exit (flat) capacity in July 2009. In particular, this will be the first opportunity to do so following initialised allocations by 1 May: initialisation may produce some unexpected results and it will be helpful to know the extent to which these results may have been constrained by baselines; decisions on whether to apply for enduring capacity or perhaps rely on annual or daily products might also be influenced by the data.

The immediate and on-going publication of the information will provide the industry with information on the extent to which baseline capacities have been utilised at individual exit points and in aggregate. It will facilitate the possible emergence of capacity trading, assignment and substitution although the first and second of these will rely on support from National Grid in enabling potential traders/assignors to identify each other. In our view this would enhance the efficient development, use and operation of the NTS.

The need for a cost-reflective charging structure is important and again we agree with the Proposer that the information will shed some light on the extent to which capacity costs are recovered from capacity charges. In our view a very limited recovery of costs via TO exit commodity charges should be permitted and we suggest that changes to charging methodology or to levels of charges should be triggered in the event that cost recovery via commodity charges is expected to exceed an agreed maximum acceptable level. Otherwise the cost-reflectivity of the charging methodology may be called into question.

Please contact me if you would like to discuss this response

Yours sincerely,

Chris Wright
Commercial Manager