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Re: UNC Modification Proposal 0249 – Introduction of an Enduring Annual NTS Exit (Flat) Capacity Invitation Letter

Dear John

Thank you for your invitation seeking representations with respect to the above Modification Proposal. As proposer, National Grid NTS offers support to this proposal.

Rationale

This proposal, if implemented, would result in an invitation letter being published for the July 2009 Annual Application Window stating all of the NTS Exit Points at which capacity is being offered for sale and the amount of unsold capacity available at each of those points. It is important that this information is published in 2009 because:

- This creates a level playing field with all Users being able to see the unsold Capacity available at each NTS Exit Point;
- This would provide for the publication of information that could potentially influence User participation in the July 2009 Annual Application Window or applications to reduce holdings of Enduring Annual NTS Exit (Flat) Capacity at the first opportunity to do so in the period 1st – 15th July 2009;
- The invitation letter would clarify the list of NTS Exit Points at which National Grid NTS is able to accept applications in the July 2009 Annual Application Window; and
- It would be beneficial for Users to know the unsold amount at each NTS Exit Point as this will affect commodity charges from 2012 onwards as prices will be set on baseline levels with any under recovery of revenue resulting from any unsold capacity being recovered through the TO commodity charge.

Extent to which implementation of Modification Proposal 0243 would better facilitate the achievement (for the purposes of each Transporter's Licence) of the relevant objectives

National Grid NTS considers that:

- In respect of Standard Special Condition A11 1(a), the efficient and economic operation of the pipe-line system, this proposal, if implemented may lead to more efficient signals from Users in relation to their Capacity requirements, as the publication of unsold quantities available at each

NTS Exit Point may lead to Users making more informed increase and / or reduction requests in the July 2009 Annual Application Window.

- In respect of Standard Special Condition A11 1(d), the securing of effective competition, National Grid NTS believes that this proposal, if implemented, would create a level playing amongst Users by publishing the Remaining Available NTS Exit (Flat) Capacity at all NTS Exit Points to all Users with the result being that all Users have access to the same information.
- In respect of Standard Special Condition A11 1(f), the promotion of efficiency in the implementation and administration of the uniform network code, this proposal, if implemented, would ensure that the release of Enduring Annual NTS Exit (Flat) Capacity is consistent with the release of Capacity through other entry and exit long term mechanisms where the standard practice is to publish an invitation letter 28 days prior to the release mechanism being opened. National Grid NTS believes that it would be beneficial if the UNC obligations in relation to the Enduring Annual NTS Exit (Flat) Capacity release mechanism were consistent with other release mechanisms contained within the UNC.

For the avoidance of doubt, National Grid NTS would like to reiterate that it is essential that a decision on this Modification Proposal is reached before 1 June in order for an invitation letter to be published no later than 28 days before the 2009 Annual Application Window.

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

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