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28 August 2009.
Your Reference: Modification Proposal 0261.

Re: Modification Proposal 0261 'Annual NTS Exit (Flat) Capacity Credit Arrangements'.

Dear John,

Thank you for your invitation seeking representations with respect to the above Modification Proposal.

National Grid Gas plc (Distribution) (NGD) would like to offer support in respect of this proposal. We understand that the Proposal seeks to amend the UNC to remove the Users ability to defer Annual NTS Exit (Flat) Capacity rights and for such a registration to lapse.

To the extent that implementation would remove the socialisation of any consequential costs under the prevailing terms of the UNC, the amended terms would appear to better facilitate the relevant objective identified within Standard Special Condition A11 (1)(d)(i) of the Transporters Licence, namely the securing of effective competition between relevant shippers. Removal of the deferral and lapsing of such capacity rights would seek to ensure that the party reserving the capacity meets that commitment as and when such costs become due and payable.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact Phil Lucas on 01926 653546 (phil.lucas@uk.ngrid.com) should you require any further information with respect to the above.

Yours sincerely,

Richard Court
Commercial Manager, Distribution.