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5th September 2011
Your Reference:UNC Modification Proposal 0331

Re: UNC Modification Proposal 0331:
Demand Estimation Section H Changes to processes and Responsibilities

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal for which National Grid Gas Distribution (NGD) would like to offer support.

Do you support or oppose implementation?

Support/Qualified Support/Neutral/Not in Support/Comments* *delete as appropriate*

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

The demand estimation provisions set out within the Uniform Network Code (UNC) have remained largely unchanged since its inception. The associated processes have hitherto been undertaken by the Transporters using Xoserve as their agent and the outputs are delivered to the Demand Estimation Sub Committee (DESC). Whilst the processes and their outputs have been open to challenge, the fact that they has remained "as is" since Code implementation, is to some degree a testament to their sustainability. However NGD recognises the efforts which some market participants have invested in recent years in an attempt to make improvements and understands that a significant number of DESC Users are of the view that it is now timely to further develop the regime.

UNC Review Group 0280 was convened to consider how these processes could be managed differently and from the output of the workgroup this Proposal was raised seeking to place responsibility for analysis and decisions relating to demand estimation within the remit of the Uniform Network Code Committee (UNCC). The outputs required would remain as they are currently within the UNC. Within this Proposal it is anticipated that the UNCC would sanction the creation of an additional specialist group to support DESC, typically undertaking technical analysis, which would facilitate a more flexible approach. Terms of reference have been provided; voting arrangements identified and the scope of work/methodologies to be looked at, have been detailed.

The Proposal is clear that there is no expectation that Transporters would provide funding over and

above the existing levels and that any additional funding required would be funded via User Pays arrangements. In practice given the tight timescales for delivery of some of these processes agreement on funding allocations may be challenging.

NGD is sympathetic to the objectives of this Modification Proposal which in our opinion promotes clarity within the UNC. We believe the proposed mechanism offers the benefits of inclusiveness and identifies a step by step decision making process. We have a slight concern about the risks arising should the relevant committees fail to conclude but notwithstanding this NGD's view is that the Modification Proposal should be implemented. Finally we would advocate a post implementation review of the effectiveness of the proposed measures, once implemented, after a suggested period of 12 months.

Are there any new or additional issues that you believe should be recorded in the Modification Report

None identified.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers. NGD has no reason to disagree with the comments in the Draft Modification Report in relation to the better facilitation of this Relevant Objective.

NGD concurs with the comments in the Draft Modification Report in relation to the better facilitation of this Relevant Objective.

Standard Special Condition A11.1 (f): So far as is consistent with subparagraphs (a) to (e) the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

If the projected benefits of implementation of this Modification Proposal are realised then it is likely that there would be improved cost allocation within the Non-Daily Metered (NDM) market.

Impacts and Costs:

NGD understands that whilst there are no costs associated with implementation of this Modification Proposal it has been proposed that should any costs be incurred over and above the standard level of Transporter resource associated with administering the current UNC provisions, these would be recovered through the User Pays mechanism on an adhoc basis. The Proposer has suggested a 100% cost recovery allocation to Users having NDM Supply Points.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

An implementation timetable would need to be agreed.

Legal Text:

NGD is content that the legal text reflects the intent of the Proposal.

Is there anything further you wish to be taken into account?

NGD has not identified any such matter.

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

Please contact me on 01926 653994 (alison.chamberlain@uk.ngrid.com) should you require any further information

Yours sincerely,

Alison Chamberlain
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