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6 August 2012

Dear Dora,

**Ofgem “Minded To” consultation on licensing policy for Gas Traders and consequential acceptance of the related Uniform Network Code modification proposal 0338V reference 91/12.**

National Grid Transmission (NGT) welcomes the opportunity to respond to the above consultation.

NGT owns and operates the National Gas Transmission System (NTS). In association with the Gas Distribution Network Operators NGT also jointly provides for the administration of the Uniform Network Code (UNC) Governance arrangements through the Joint Office of Gas Transporters.

This response is on behalf of NGT and is non-confidential.

In its consultation Ofgem makes reference to its duty in respect of better regulation and the Government’s red tape challenge. NGT supports moves to remove such unnecessary bureaucracy. To the extent that the above will be achieved NGT believes that gas traders should not be required to obtain a Shipper licence in order to solely participate in gas title trading. Furthermore NGT believes that gas traders would still be required to accede to the UNC to enable them to use the relevant UNC systems and ensure they are bound by appropriate UNC terms and conditions related to their activities.

We also consider that the removal of the requirement for gas traders to hold a Shipper Licence would require corresponding changes to be made to the UNC. We (NGT) have accordingly raised UNC modification proposal 0338V “Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence” to:

- Define a new UNC User type, a Trader User, who is solely engaged in “NBP” gas title trading activities, as distinct from other categories of Users (i.e. Shippers) who may engage in physical activities (as referenced under Section 5 (1)(c) of the Gas Act);
- Remove the requirement for a Trader User to obtain a shipper Licence as a pre-requisite to acceding to the UNC. For avoidance of doubt a Shipper User engaged in gas conveyance would continue to be required to hold a shipper licence as a pre-requisite to acceding to the UNC.

## **Response to questions raised in the open letter**

***Question 1: Do you agree with our “minded to” position to accept UNC338V and with our assessment of the modification proposal against the relevant objectives, as discussed in Annex 1?***

Yes.

***Question 2: Do you agree with the wording of the proposed changes to the Licensing Guidance, as described in Annex 2?***

Yes.

***Question 3: Do you have a preference on when this licensing change should come into effect: 1 October 2012 or 1 January 2013?***

Analysis by Xoserve has concluded that no systems changes are necessary to implement mod 0338V. NGT therefore has no particular preference for a date that the licensing change should come into effect. Though to give the industry time to communicate any internal changes we would suggest a Jan 2013 date would be more appropriate.

In conclusion National Grid Transmission supports Ofgem’s position of ‘minded to’ accept UNC modification proposal 0338V.

Yours sincerely,

[by email]

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