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Attention: John Bradley, Modification Panel Secretary

Dear Sir,

Response by South Hook Gas Company Ltd (SHG) to the Consultation on Modification Proposal 0349: "Introduction of a Force Majeure Capacity Management Arrangement"

SHG is pleased to respond to the Draft Modification Report in relation to Modification Proposal 0349 (the **Proposal**).

In general, SHG is supportive of the intention of the Proposal which is to provide a refund to Users of capacity charges in respect of NTS Entry Capacity that is affected by a National Grid Gas plc (NGG) Force Majeure event. The refund is provided by means of a deemed option for a capacity buy-back at the price originally paid for the capacity. It is important to note that the Proposal does not provide compensation to the User, but simply has the effect of relieving the User of the obligation to pay capacity charges in respect of the affected NTS Entry Capacity. In addition, we believe that the arrangements set out in the Proposal will provide an appropriate solution in the event of a Force Majeure event affecting any NTS Entry Point.


While we support the Proposal, we note that the option arrangement is between NGG and the registered holder of the NTS Entry Capacity, rather than the actual holder of the capacity. This means that the arrangements to affect secondary transfers of capacity between Users will have to take account of the deemed option, such that (in the relevant circumstances) there will be a deemed option for buy-back in place between the actual holder of the capacity and the registered holder. However, we believe that this is manageable within the current arrangements in place in the industry.

Notwithstanding the option arrangements that would be put in place if the Proposal is implemented, we note that nothing in the Proposal will prevent a User challenging a claim for Force Majeure relief by NGG.

In terms of the detail of the Proposal, we note that the amount of capacity to be subject to the buy-back option is to be set out in the Force Majeure notice to be issued by NGG. However, the current Force Majeure provisions do not explicitly require NGG to include this information in the relevant notice. Accordingly, affected Shippers will be relying on NGG to include such information if it issues a Force Majeure notice. This point is not, however, a reason to object to the Proposal.

We trust that you find these comments helpful.

Yours faithfully,


Rashid Al Marri
General Manager