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27th June 2011
Your Reference:UNC Modification Proposal 0353.

Re: UNC Modification Proposal 0353:
'Population and Maintenance of the Market Sector Code within the Supply Point Register'

Dear Bob,

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

Do you support or oppose implementation?

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

Has your support/opposition changed as a result of the issues raised in this further consultation?

No.

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

National Grid Distribution (NGD) does not believe that the issues raised by Ofgem at the June 2011 UNC Modification Panel are sufficiently material to have an effect on our previously published opinion on whether this Modification Proposal should be implemented or otherwise.

Are there any additional issues that you believe should be recorded in the Supplemental Report?

We refer to Ofgem's first question being "We would welcome views on the consequences of the differences in definition between the UNC and the Gas Supply Licence and whether any of these are material. In particular, it would be useful to understand any potential impact for suppliers/shippers holding two status flags for a customer and what the consequences would be for GDNs if they were not updated based on the use of gas at the premises".

The primary reason for Modification Proposal 0353 is to provide a mechanism and incentive to facilitate the timely population of Market Sector Code (MSC) data on the Supply Point Register. While we note that there may be a difference in definition between that identified within the UNC and that contained within the Gas Supply Licence, NGD's view is that the consequences are immaterial and unlikely to compromise the principal benefits of holding an accurate MSC on the Supply Point Register. The purpose of the Proposal is to gather data for the Transporters to discharge their obligations under the UNC, licence and associated regulations, and while supply contracts may contain terms and conditions that are inconsistent with the UNC definitions, the purpose of the proposal is clear and consistent with Transporter requirements and should not be distracted by arrangements which exist further down the contracting chain.

NGD's opinion is that the MSC is likely to be significant in terms of the likely future development of the UNC particularly associated with industry aspirations for new approaches to be made to market differentiation. Therefore our view is that the potential benefits of the Proposal in terms of ensuring timely updates and currency of the MSC are substantial. We acknowledge the discrepancy as identified by Ofgem but are not unduly concerned as to any adverse impacts which may arise from this. We are not aware of the consequences of Suppliers/Shippers being required to hold two status flags albeit we would expect this to be an infrequent occurrence.

Regarding Ofgem's second question: "We would welcome consideration of whether there is a requirement to retain the phrase "at the relevant Supply Point" and if so what the intent of this retention would be", NGD's opinion is that we believe it would be prudent to remove the phrase "at the relevant Supply Point" to avoid any risk of confusion occurring as set out in Ofgem's explanation.

We trust that this information is helpful in addressing the questions raised by Ofgem at the June 2011 Modification Panel meeting.

Please contact me on 01926 653541 (chris.warner@uk.ngrid.com) should you require any further information.

Yours sincerely,

Chris Warner
Network Code Manager, Distribution.