

Mr. Bob Fletcher
UNC Panel Secretary
Joint Office of Gas Transporters
1st Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

8 September 2011

Dear Bob,

RE: Modification proposal 0363: Commercial arrangements for NTS Commingling Facilities

Thank you for the opportunity to respond to this consultation. British Gas Trading (BGT) offers support for the implementation of this proposal.

Unconventional forms of gas are, for a variety of well publicised reasons, receiving increased attention, and it is encouraging to see National Grid responding to the challenges presented by opportunities to exploit such resources in a positive way.

Having taken part in the development of this modification proposal, we feel confident that a process has now been defined which strikes a workable balance between enabling an innovative connection type, while protecting the interests of existing and future NTS Users. In particular we have been keen to ensure that any such new arrangements neither unduly benefit nor penalise an NTS commingling facility operator, and that costs and risks remain appropriately targeted. We believe an appropriate balance has been achieved through these arrangements. However, as with any innovative arrangement, we believe it would be good practice to undertake a review once operational experience has been gained; say after 6 months.

As put forward by the proposer, we agree that the admission of new sources of gas to the NTS could be expected to better facilitate relevant objective (d) – competition between shippers. We are, however, slightly more cautious about supporting the cost arguments put forward as better facilitating (d); these seem more to suggest that competition is better facilitated because this new arrangement does not give rise to inappropriate discrimination or cross subsidies, rather than this proposal actually enhancing existing arrangements.

We also agree that this proposal demonstrates efficient discharge of NGG's licence obligations in respect of conduct of its transportation business – relevant objective (c).

To the extent that this proposal facilitates the connection of environmentally sound gas sources with supplementary enrichment (e.g. biomethane) we also consider that there are potential environmental, and indeed security of supply, benefits that should not be overlooked.

Please contact me if you would like to discuss this response.

Yours sincerely,

Chris Wright
Commercial Manager