

Bob Fletcher
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

Alan Raper
Network Code,
Distribution

Direct tel +44 (0)1926 653559

www.nationalgrid.com

12th August 2011

Your Reference:UNC Modification Proposal 0374

Re: UNC Modification Proposal 0374:
Interruptible to Firm – Supply Point Transition

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 comments.

Do you support or oppose implementation?

Comments

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

Given the range of views expressed during the development phase by the parties who are most at risk from the ratchet charges in question, NGD would simply like to offer comments regarding this proposal. We understand why the proposal has been raised and can empathise with those specific instances where a shipper acquires a site and does not have a good history of daily reads. However, we also are aware of the views of other shippers that the acquiring shipper should ensure that the peak daily load is obtained from the customer at some point during the supply point acquisition negotiations and this is no different to the current situation where a firm, mandatory DM supply point changes hands. For supply points that have not recently changed hands, we see no reason why shippers should not be able to nominate SOQs with confidence.

However, that said, given that BSSOQ will prevent any gross under-booking of SOQ and that the SOQ ratchet, (if not the ratchet charge), will continue to operate, we believe this is largely a matter for shippers active in the ex-interruptible / new firm market to express views as to how “appropriate” SOQ bookings should be incentivised for this specific market sub-sector.

In summary, we understand the motives behind the proposal but we struggle to understand why the conversion of these interruptible supply points to firm is significantly different to the situation a shipper could find itself in as part of the competitive churn of DMM and DMV supply points between shippers.

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

None

Relevant Objectives:

On balance, we do not agree that any of the relevant objectives would be furthered by implementation. The reasons expressed in the draft report are not specific to the discharge of a particular license requirement and we do not believe that sufficient arguments have been put forward to adequately demonstrate that implementation of the proposal would further the relevant objective specified in the draft report.

Impacts and Costs:

Contrary, to the Draft Modification Report statement, we do not believe that transporters should fund implementation. However, given the "refund" process being proposed, it is likely that neither system development costs, nor incremental operating costs should be a significant factor.

Implementation:

Given the relatively low degree of systematisation associated with implementation, we understand that this proposal could be implemented quickly, if directed by the Authority.

Please contact me on 01926 653559 (alan.raper@uk.ngrid.com) should you require any further information

Yours sincerely,

Alan Raper
Network Code, Distribution