

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 0381: Removal of the NTS Exit (Flat) Capacity “deemed application” process

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

On the face of it this proposal would seem to be eminently sensible. The exit capacity overrun charging arrangements are closely modelled on the entry overrun regime, which has been in place for a number of years and has in our experience proved to be effective in incentivising appropriate capacity booking and flow nomination behaviour by shippers. Whilst the entry and exit capacity regimes are notably different from each other in certain aspects, we believe that as far as is relevant to this proposal, the capacity regimes are sufficiently similar to give confidence that mirroring entry capacity overrun charging arrangements on exit overruns will drive similarly robust shipper behaviour.

We therefore agree with the proposer of 0381 that removal of the deemed application process is most likely to lead to a more efficient and economic pipeline system – this by virtue of capacity only being allocated to Users who genuinely want that capacity, leaving spare capacity for use by others. We also agree that removing the deemed application process could potentially avoid unnecessary network investment in order to deliver unwanted capacity.

We also agree that this proposal should benefit competition between shippers, as it gives shippers greater control of the exit capacity they hold and pay for.

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

Yours sincerely,

Chris Wright
Commercial Manager