

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

16 November 2011

Dear Bob,

Re: UNC Modification Proposal 0385 - Inclusion of DNOs as Users in User Pays Arrangements

Thank you for the opportunity to provide representation of the above noted Modification Proposal. Northern Gas Networks (NGN) would like to provide comments on this Modification Proposal.

NGN is providing comments only on this Modification proposal.

Summary of key reasons:

Currently National Grid NTS believe that the costs in a User Pays Modification Proposal cannot be directly attributed to DNOs as Users rather than DNOs as Transporters. NGN is not convinced that this is the case and believes that cost allocation between National Grid Transmission and the DNOs can be achieved appropriately by the existing mechanisms within the Xoserve ASA. However, by changing the UNC Modification Rules to allow a DNO User to be regarded as a 'User' for the purposes of a User Pays Modification Proposal it will improve transparency of the cost reflectivity for National Grid NTS.

The billing arrangements through the ASA in this case are appropriate and NGN are support this approach to the resolution of the perceived need for changes.

Additional or new issues:

N/A

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should be a self-governance modification?
NGN agree that this is a self-governance modification.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Condition	Description	NGN View
A11.1(a)	Efficient and economic operation of the pipe-line system	
A11.1(b)	Efficient and economic operation of the combined pipe-line systems	
A11.1(c)	Efficient discharge of the	

	licensee's obligations	
A11.1(d)	Securing effective competition: i) Between shippers ii) Between suppliers iii) Between DN operators and shippers	Ensuring appropriate allocations of costs between parties is consistent with securing effective competition.
A11.1(e)	Provision of economic incentives for security of supply to domestic customers	
A11.1(f)	Promote efficiency in the implementation and administration of the UNC	By making cost allocation more transparent it will allow the UNC to be administered more efficiently.

Impact and costs:

There are no costs directly associated with the implementation of this modification proposal.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

As a self-governance modification this proposal could be implemented 16 business days after a Modification Panel decision to implement.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

NGN are satisfied the legal text will deliver the intent of the modification.

Any further information:

N/A

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Joanna Ferguson
 Network Code Manager