

Representation

Urgent Modification Proposal

0405: Bottom Stop SOQ Appeal Mechanism for 2011/12

Consultation close out date: 01 December 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: **National Grid NTS**

Representative: Lesley Ramsey

Date of Representation: 1 December 2011

Do you support or oppose implementation?

Support

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

National Grid NTS recognises that this Modification excludes NTS Supply Points but would still like to offer our support. Under the current transitional arrangements at Daily Metered (DM) Supply Points, Users/end consumers are constrained by a BSSOQ which is based on the previous winters peak day demand. This may lead to a mis-alignment between current anticipated demand and booked capacity which may restrict the ability of a User, at a Daily Metered (DM) Supply Point, to reflect reduced levels of usage.

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

National Grid NTS are keen to ensure that both Users and end consumers are fully aware of the implications of reducing their capacity bookings through this process. It should be noted by Users and end consumers that if they reduce their capacity holdings and subsequently wish to increase their capacity holding back to their previous usage, that in the intervening period the capacity may be allocated to other parties and may no longer be available.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree with the Proposer in respect of relevant objective A11.1 (d) i and ii – the securing of effective competition between relevant Shippers. Without this modification User/end consumers may find themselves with baseline capacity holdings that are over stated and not reflective of their actual requirements, which may be detrimental to the competitive market.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

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Whilst we understand that the proposer envisages that there will be no material or ongoing operational costs, it is National Grid NTS's view that costs will be driven by the number of parties who take up this service. It is National Grid NTS's view that if sufficient numbers take up this service it may lead to additional process costs for xoserve and if this occurs it may be appropriate to revisit the issue of User Pays.

We accept that the current "User Pays" arrangements do not lend themselves easily to an Urgent Modification Proposal such as 0405. However, we do not believe that this should be taken as meaning that Urgent Modification Proposals should automatically avoid having to quantify and then establish who should pay additional costs incurred by xoserve in implementing and administering the new arrangements.

Implementation:

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

We agree that the modification should be implemented within the recommended timescales.

Legal Text:

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

National Grid NTS is satisfied that the Modification excludes NTS Exit Supply Points and believes the legal text delivers the intent of the Modification. However National Grid NTS has identified that an addition to the legal text is required, and that the date in paragraph 1.9.1(e) should be amended as follows:

UNC Transition Document: Part IIC Transition Rules

1.9.1 TPD Section G5.2

(e) By making a Capacity Reduction Application, the Registered User warrants to the Transporter in writing that the information contained in such Capacity Reduction Application is accurate and reflects a bona fide estimate of the future consumption up to 1 October ~~2011~~ 2012.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No