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7th September, 2012

Your Reference: UNC Modification Proposal 0415.

Re: UNC Modification Proposal 0415: Revision of the Gas Balancing Alert Arrangements.

Dear Bob,

Thank you for your invitation seeking representation with respect to the above Modification Proposal, which National Grid Gas Distribution (NGD) would like to support.

Do you support or oppose implementation?

Support.

Please summarise the key reason(s) for your support.

NGD believes that the measures put forward in this Proposal reflect the experiences of the last seven years, since the introduction of the current arrangements. It also addresses the need to conform to the European Regulations in relation to safeguarding security of supply.

In summary, it replaces the current GBA term with two terms. A Gas Deficit Warning (GDW) to cover a within day signal and a Margins Notice (MN), if the day-ahead demand forecast is greater than or equal to the D-1 'Expected Available Supply' (a trigger methodology which is defined). These measures help to address uncertainty which in some cases has arisen in the past.

Currently to issue a GBA there has to be a supply loss of greater than 25mcm. Under this proposal the 25mcm trigger would be removed and NTS will have greater discretion to issue a GDW. It would also be able to consider demand and supply side signals.

The Proposal would add the ability for NTS to withdraw a GDW where circumstances have changed. This will avoid situations which have occurred in the past where following a GBA the system has closed with a surplus. It is also proposed to be possible to trigger a GDW for the next day (i.e. ahead of the day) where NTS has reliable information to suggest that a deficit may occur.

NGD believes that collectively these revisions should improve the markets ability to respond and thus avoid further intervention.

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

No

Self Governance Statement:

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

N/A

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

NGD agrees that this proposal promotes the following Relevant Objectives:

- a) Efficient and economic operation of the pipe-line system.*
- b) Coordinated, efficient and economic operation of*
 - (i) the combined pipe-line system, and/ or*
 - (ii) the pipe-line system of one or more other relevant gas transporters.*

Improved definition and advance warning signals for Users, within day and day ahead, will help to ensure that the correct actions are taken to avoid the risk of a Gas Deficit Emergency and the need for Transporters to take system operation action with associated costs.

- g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.*

Alignment with regulations set out in the European regulation Article 10, Emergency Plans and Crisis levels, paragraph 3

Impacts and Costs:

NTS has indicated that some amendments will be required to operational processes and corresponding User arrangement may be affected. It is anticipated that costs would be minor.

Implementation:

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

Implementation at the earliest practicable opportunity.

Legal Text:

NGD is satisfied that the suggested text, as published by the Joint Office, within the Draft Modification Report meets the requirements of the Modification Proposal.

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

No.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653994 (alison.chamberlain@nationalgrid.com) should you require any further information.

Yours sincerely,

Alison Chamberlain
National Grid Gas, Distribution