

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

11 June 2012

Dear Bob,

Re: UNC Modification Proposal 0417S - Notice for Enduring Exit Capacity Reduction Applications

Thank you for the opportunity to provide representation of the above noted Modification Proposal. Northern Gas Networks (NGN) supports this Modification Proposal. Please find below NGN's comments in respect of the Modification Proposal.

NGN supports this Modification proposal.

Summary of key reasons:

NGN support this Modification Proposal to change the existing charging methodology currently used to set capacity prices at NTS exit points. We believe the existing methodology is flawed and can lead to significant price changes at insufficient notice. This exposes Users to uncertainty relating to their financial commitments and fails to further the Relevant Objectives, particularly A11.1 (d), the securing of effective competition for reasons set out in further detail below.

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?

Yes.

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	By using a methodology that will provide more accurate pricing forecasts it will enable Users to budget their finances more accurately, benefiting competition. The proposal will allow Users to match capacity more accurately to their actual requirements, 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	

Impact and costs:

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

N/A

Implementation:

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

We are satisfied with a lead-time of 16 business days after the Mod Panel directs to implement as per standard self-governance procedures.

Legal Text:

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

Yes.

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,



Alex Ross
Network Code Officer