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Joint Office of Gas Transporters

06 August 2013

Re: Consultation on UNC 0449 - Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures (CMP)

Thank you for the opportunity to respond to this modification proposal.

We note that National Grid has commented that this modification is intended to be a interim solution to enable compliance by the 1st October 2013 deadline specified in the new EU CMP rules. We also note that National Grid intend to revise these rules when implementing the Capacity Allocation Mechanism European Network Code requirements . On this basis we have no objection to this interim proposal.

We would however like to highlight that, in establishing an enduring scheme, we believe the proposed definition of an interconnection point (IP) will need to be re-defined to more closely fit the wording in the CAM code. This will be necessary to meet the new bundling and capacity matching requirements, and to remove the risk that upstream entry capacity is mistakenly treated as equivalent to interconnection point capacity.

The CAM code will require IUK's Bacton entry/exit capacity to be sold as bundled products combined with National Grid's Bacton entry/exit capacity. Separately, BBL's Bacton capacity will also need to be bundled with National Grid's. The new rules will also require the technical capacity to be maximised on each side of the IP. This means, for IUK and National Grid, approximately 807 GWh/day of capacity must be matched for the bundled product. Similarly for BBL, approximately 494 GWh/day of capacity must be matched. National Grid's Bacton entry capacity under an enduring regime could thus be considered as comprising:

- Bacton IP1: National Grid – IUK
- Bacton IP2: National Grid – BBL
- Bacton upstream entry: The Shell, SEAL and Perenco terminals

As you will appreciate, in the establishment of an enduring regime, we will be keen to ensure our Bacton IP capacity will be matched with National Grid IP capacity. Being part of an aggregate IP would carry the risk that any restriction in available National Grid entry capacity reduces the amount of capacity available to be matched with IUK. The resulting residual IUK capacity would be less attractive to the market. Not only would this harm our revenues, this could also have a potentially detrimental impact to GB security of supply. Defining two IPs at Bacton would provide greater assurance against this risk.

Yours sincerely

Pavanjit Dhesi

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