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

20 March 2014

Dear Bob,

Re: UNC Modification Proposal 0478 - Filling the gap for SOQ reductions below BSSOQ until Project Nexus

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:

As a result of Modification 0455 the BSSOQ will be removed when the central systems are replaced with the Project Nexus changes at the Project Nexus Go-Live Date.

However, until that point a Relevant User is unable to reduce their SOQ below BSSOQ. Implementation of this proposal will provide a stop-gap function until the implementation of Project Nexus and the removal of the BSSOQ. This will free Relevant Users from the restrictions of the existing arrangements whereby they cannot reduce capacity as a result of changes in operating arrangements.

Additional or new issues:

NA

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

NA

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	Positive - Where SOQs are falling due to significant and specific changes in usage knowledge of this in advance could prevent inefficient

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| | | investment taking place.

Knowledge of confirmed reduced load can also trigger specific re-analysis of works planned to be undertaken, thereby reducing unnecessary expenditure on the network.

Early formal confirmation of reduced contractual loads could reduce unnecessary spend on design works and forward procurement of materials. |
|---|---|---|
| A11.1(b) | Efficient and economic operation of the combined pipe-line systems | |
| A11.1(c) | Efficient discharge of the licensee's obligations | Positive - By allowing SOQs to reduce below the BSSOQ quicker than would otherwise be allowed will enable DNOs to make plans at an earlier stage where a reduction in overall capacity would change behaviour.

Such instances could be to remove or reduce needs for building increased capacity in a specific zone and this knowledge could be critical in making decisions relating to the procurement of interruptible rights from Users. |
A11.1(d)	Securing effective competition: i) Between shippers ii) Between suppliers iii) Between DN operators and shippers	
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	
A11.1(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	

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

We do not anticipate any significant costs or impacts if this Modification Proposal is implemented.

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

We support the lead-time we set out in our Modification Proposal, of a preferable implementation date of 1 October 2014 allowing sufficient lead-time to allow Xoserve to reinstate the previous processes required to meet the business rules.

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

Yes

Any further information:

NA

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,
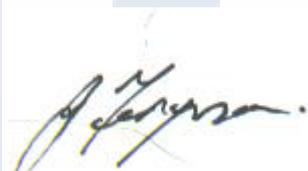
Joanna Ferguson
Network Code Manager