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Our Ref.  
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10 May 2006

Dear Dave

**RE Consultation on National Grid NTS proposal to adjust investment lead times in respect of the release of incremental capacity in the 2006 QSEC allocation**

Thank you for the opportunity to comment on this Consultation document. Given below are the comments of British Gas Trading (BGT).

The need for this consultation, on the restriction of incremental System Entry Capacity (SEC) offered in the Annual allocation process, follows on from a series of concerns about the delay in obtaining consents required to construct pipelines or related infrastructure.

There are two specific points that we would like to register in respect to this proposal.

Firstly, we can recognise that the planning and construction of a major civil engineering project can be very complex particularly where the route or location may involve national parks or other environmentally sensitive areas. However, the Long Term System Entry Capacity (LTSEC) allocation process had been formulated upon a 3 year lead time being sufficient for any project. The development of the licences, multi-user agreement (Uniform Network Code) and ancillary documents such as the Incremental Entry Capacity Release (IECR) statement have been developed with this in mind.

It is disappointing that once again it is necessary for the NTS Transporter to seek exception from the process, which has been established relatively recently.

The mechanics for the obtaining of such consents is not particularly visible or apparent to Users of the system. Therefore, it is not clear whether there is scope for any streamlining in order to limit or reduce the time involved at this stage of the process. We would suggest that there might be elements of the process that could be carried out, at little or no cost or risk to the Transporter, in advance of any formal User commitment being demonstrated.

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For example, on the basis of information received through the TBE exercise, is it possible to initiate preliminary stages of planning applications? We would like to see some incentive upon the Transporter to take appropriate steps to maintain control over this key stage of events.

The second key point relates to the early notice and visibility of any restriction of the release of SEC below the 150% of baseline cited in the IECR.

We have previously commented that it is preferable to publish the extent and the nature of any restriction in advance before the capacity is offered for sale. In this way Users will have visibility of the nature and cause of the restriction. In the event of any doubt as to the justification provided, User will have the ability to raise a challenge to the Transporter and Regulator if necessary.

In this respect we support the publication of this information at this early stage which ensures that all market participants and potential bidders for capacity in the forthcoming LTSEC process are fully appraised of the capacity which will be available.

With regard to the specific proposals contained within the consultation, it would appear prudent to restrict the quantity of capacity offered for the gas year 2009/10, within the 2006 QSEC allocation as the only alternative is to oversell available capacity which would expose the shipping community to unnecessary costs of buy-backs.

Please contact me if you require any further information.

Yours sincerely,

Mike Young  
Commercial Manager