

Sonia Brown  
Director, Transportation  
Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Chris Train  
Director – Network Sales

chris.train@ngtuk.com  
Direct tel +44 (0)1926 655667  
Direct fax +44 (0)1926 656563

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Dear Sonia

## **Gas Distribution Network Sales – Consultation on Network Code Arrangements**

We welcome the opportunity to comment on Ofgem's consultation on the draft UNC which, prior to consultation, has been under development within the industry for some time. This development process has involved a long-running process of discussion on policy and business rules through DISG, CIWG, the UNC Development Forum and the Exit Reform Forum during 2004 and early 2005, Transco's "Towards a new Industry Framework" consultation issued in December 2004, and numerous legal drafting sessions held during January and February 2005 which have provided the opportunity for all interested parties to input their views on the developing text of the UNC. The Ofgem consultation on the draft UNC therefore represents the culmination of a considerable period of development, discussion and consultation across the industry, allowing ample opportunity for interested parties to input their views.

We wish to record our support for the consultation process undertaken by Ofgem. The five-week consultation process split into two stages has proven extremely useful in allowing us to refine the documents in response to comments received following the first stage, and provide these documents to Ofgem for the second stage of the consultation.

We very much welcome the level of detail in the responses provided by respondents as part of Stage 1 of the consultation. We carefully considered each comment raised, and responded to each individual point within the matrices issued with the Stage 2 documents, highlighting the changes we have made to the documents in response to these comments.

Subject to responses received following the second stage of the consultation, we consider that the UNC, the JGA and the ASA are now sufficiently robust to support a divested industry framework post-hive down. We consider that the UNC will enable all relevant GT licensees (Transco NTS, Transco RDN, and each prospective IDN) to have in place transportation arrangements via their individual ('Short-Form') Network Codes from hive down that will enable them to facilitate the achievement of the relevant objectives set out in Standard Special Condition A11 (1) of their prospective GT licences.

Furthermore, the governance surrounding the contract is such that parties to the contract are free to raise modifications to address any residual concerns that they might have going forward.

Please call me if you wish to discuss these matters further.

Yours sincerely

**By email**

Chris Train  
Director, Network Sales