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Dear Bob

**Re – Information request on the availability of NTS flexibility capacity**

Thank you for your letter of 29 January, referring to the above paper issued by National Grid, I would like to submit the following comments.

You will be aware from our involvement in this matter over some long time that we have certain views on the requirement to control the use of system flexibility on the National Transmission System. From these various discussions, the preparation of an Alternate Modification Proposal and our intervention in the Appeal against the decision on Modification Proposal 0116, and its variations, it will be clear that although we recognise that the issue is one for serious consideration but does not merit action of the nature proposed at this time. From this latest work from National Grid we are of the view that we are covering very similar territory to that which was debated at the time of the Appeal.

Our stance is broadly driven by a number of points:

- That there is no specific scarcity of system flexibility at this time
- The assessment of flexibility use takes little or no account of the non-co-incidence of the various demands for system flexibility
- That to instigate a system for the rationing of system would create an artificial scarcity of the product which would lead to very high costs being incurred by users that may ultimately be borne by consumers.

Following the issue of this further paper by National Grid we have commissioned a more independent review of the document by TPA Solutions. In this we have asked them to address the assertions made by National Grid in the paper. I enclose a copy of the result of their study which I hope you will find informative.

In the time available, it has not been possible to undertake a detailed review however, you will see that their study has challenged a number of the assertions and assumptions made

by National Grid and raised a number of areas where more detailed information would be required in order to undertake an objective judgement of the requirement for any system of this nature.

I would suggest that this supports the view expressed at the time of our Alternative Modification Proposal that a pragmatic way forward would be to develop and implement a reliable mechanism for monitoring use of system flexibility which, together with more detailed information disclosure cited in the study, may then serve to determine both the nature and timing of any further measures required.

With the kind consent of TPA Solutions, we have made this study available to a number of other parties with a close interest in this matter including members of the Gas Forum. It is possible that a number of other respondents may use or refer to this material and endorse its findings as we have.

Please contact me if you require any further information.

Yours sincerely,

Mike Young  
Business Development Manager