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23 November 2007

Dear Robert,

UNC 0116: enduring offtake - next steps following the Competition Commission's decision

I refer to the open letter from David Gray of 26 October, setting out the Authority's views on the scope of its re-consideration of the '0116 series' of modification proposals. The letter suggests that industry participants should contact you if they have any questions arising. There are a number of areas where we would welcome some further clarification on the Authority's intended course of action going forward and we would be grateful if you could assist us with the following points.

- (a) As you know, a Review Group (Review Group 166) was established by the UNC Panel in August this year with the aim of looking at the review of necessary reform of NTS offtake arrangements in the light of the Competition Commission's decision. It is my understanding from indications given on Ofgem's behalf to that group that the Authority would consider any proposals that emerged from the 166 Review Group if these were presented to Ofgem in good time. Could you confirm that indication please?
- (b) Can you confirm whether Ofgem intends to carry out a further impact assessment for the '0116 series' of modifications and any other alternative proposals that might be put forward, as discussed above? If so, could you give us any idea of the likely timetable for this?
- (c) We note that Ofgem sent a letter to NGG of 1 November 2007 requesting information on the availability of NTS exit capacity to assist it in its decision on the enduring offtake arrangements. Can you confirm that any information obtained from NGG as a result of this request will be published, so that the industry will have the opportunity to comment upon it?

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Finally, given the work that is likely to need to be done to support a robust re-consideration of the enduring offtake proposal, it does seem to us that the current 1 April 2008 deadline for implementation of the enduring offtake arrangements is looking a little ambitious. Could you comment on whether Ofgem is considering delaying the implementation of the enduring offtake arrangements to a later date, say 1 April 2009?

I look forward to hearing from you.

Yours sincerely,

Peter Bolitho
Trading Arrangements Manager