

The Gas Forum



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Dear Alistair

UNC Modification 0116: Enduring Offtake Arrangements - Way Forward

I am writing to you on behalf of Gas Forum members to register some concerns about the ongoing uncertainty with regard to the enduring offtake arrangements. Although Ofgem sets out its legal position on the next steps in its letter of 26 October 2007, a number of questions remain regarding the planned implementation date and the process for re-consultation with the industry.

On 16 August the UNC Panel established the 0166 Review Group, "Review of necessary reform of the NTS offtake arrangements," to consider the implications of the Competition Commission decision of 10 July 2007. This Group is tasked to develop proposals which can be considered alongside the 0116 proposals that are available for re-consideration by Ofgem. Can you indicate whether it is your intention to concurrently consider all such proposals as part of Ofgem's enduring offtake decision making process?

In addition, to reflect the Competition Commission findings, particularly in relation to cost-benefit analysis and flexibility capacity, we trust Ofgem will publish and consult on a revised impact assessment. Can you confirm whether this is Ofgem's intention? We also note Ofgem has recently written to National Grid Gas requesting information on the availability of flexibility capacity. The letter does not mention whether the information gathered will be published. We therefore ask that this information is published in due course as part of the revised impact assessment.

There appears to be much work to be done for Ofgem and the industry to support a new decision on the enduring offtake arrangements. In practice collating data, drafting of new proposals, preparation of impact assessments and reasonable consultation periods suggest that a 1 April 2008 implementation date is no longer feasible, especially with National Grid apparently having a system cut-off date of 15 January 2008 for any changes to be effective by then. We would therefore be grateful if you could set out a timetable for the proposed implementation of the enduring offtake arrangements including dates for consultation on the revised impact assessment, Authority decision and planned implementation.

Yours sincerely

Steve Briggs
Chairman, The Gas Forum

cc: David Gray, Robert Hull