

**Statoil (U.K.) Limited
Gas Division**

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Mr. Julian Majdanski
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8 September 2006

Dear Julian,

Re: Modification Proposal 0105: Commercial Arrangements for combined DN Exit / Entry points.

Thank you for the opportunity to comment on the above modification proposal. Statoil (UK) Ltd (STUK) is in support of this modification and would like to make the following comments.

This proposal will allow the Holford Storage Facility to be excluded from being specified in the NTS licence capacity statement and therefore not deemed to have used the NTS, removing the need for baselines to be included in the NTS transporters licence and the need to purchase entry capacity. Holford would still be classified as a system entry point, and as such gas entering the system will still be allocated to a shipper and be available to trade at the NBP.

STUK welcomes the proposers simplification to the code, allowing the storage facility to be operational for this winter. Given the concerns over security of supply for winter 06/07 it is reassuring to see that alternative solutions (other than licence changes) are being developed to encourage gas on to the system. STUK do not however believe that it is appropriate for a cut off date (sunset clause) as suggested in this modification, to be introduced into the code as the proposed arrangements will remain appropriate until any further reform causes them to naturally fall away.

STUK agree with the proposer that including this site as a System Entry Point in the NTS licence (giving it zero baseline capacity of zero) would have no effect on either NTS SO or



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TO operations and have no benefit to the NTS business, and is therefore inefficient both regulatory and commercially.

STUK is in agreement with the proposer that the implementation of this modification will remove the complexity created by including Holford in to the NTS Entry capacity commercial arrangements and allow it to be in use this October. It offers shippers another tool to use to balance their portfolios this winter, and potentially gives the opportunity for more gas to enter the system aiding security of supply.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours faithfully

Shelley Rouse
Statoil (UK) Ltd



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