

27th April 2010

BD/COM/IMCC/FG/10-029

Modification Panel Secretary
Joint Office of Gas Transporters
Email: enquiries@gasgovernance.co.uk

Dear Sir,

0285 "Use it or lose it" (UIOLI) Interruptible Capacity only to be released when there is at most 10% unsold firm entry capacity

TOTAL E&P UK Ltd welcomes the opportunity to comment on the 0285 Draft Modification Report. As per our input to Ofgem's Entry Charging Review Group, and in accordance with our responses to Ofgem's NTS GCD 08 (NTS Entry Charging Review) and NTS GCM 19 (Removal of NTS Daily Entry Capacity Reserve Price Discounts) consultations, we believe that continuing to release UIOLI as now but with a reserve price on the UIOLI above the present zero value offers a better alternative to the proposed restriction of release.

Interruptible capacity prices should indeed reflect the risk of interruption. If there are still substantial amounts of firm entry capacity unsold then interruptible capacity should not be released at a discount as this would not be cost reflective nor promote competition. Only if firm capacity is sold out and there is a risk of interruption should interruptible capacity be priced at zero. We believe that removal of the zero reserve price will be more effective than restriction of release in helping to stop cross subsidies between shippers and to promote both competition and cost reflective prices.

We are pleased to note that the 0285 Draft Modification Report (p3) acknowledges discussion of this alternative within the Transmission Workstream and that 'National Grid NTS would be happy to progress this as an alternative if Users consider it a more appropriate solution.'

We hope that these comments are useful to the Transporters in finalising the Report.

Yours sincerely

(by email)

Iain McCombie
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