

08 June 2007

Julian Majdanski
UNC Modifications Secretary
Joint Office of Gas Transporters
51 Homer Road
Solihull
B91 3LT

Dear Julian

**GAZ DE FRANCE ESS (UK)
LTD**

1 City Walk
Leeds
LS11 9DX
United Kingdom

tel: +44 (0)113 306 2000
fax: +44 (0)113 245 1515

www.gazdefrance.co.uk

REGISTERED IN ENGLAND
NO. 2706333

**Response to Uniform Network Code Modification Proposals:
141 and 141A Revision to the “User Suppressed Reconciliation
Values” final incentives arrangements.**

Thank you for the opportunity to respond to the above modification proposals. Gaz de France ESS supports the implementation of modification proposal 141 but does not support the implementation of modification proposal 141A.

Modification Proposal 141

Recent evidence presented to workstream by Xoserve clearly demonstrated a “creep” in the unscaled value of monthly USRV incentive charges levied on shippers; this has risen over time to around £350k per month. This clearly demonstrates an increase in the number of unresolved USRV problems and illustrates that the incentive cap of £100k per month is significantly scaling back unit charges. The artificial dampening of this unit cost reduces the financial incentive on shippers who generate significant volumes of filter failures and results in a numbing effect in respect to cost targeting.

Gaz de France ESS supports the principle of appropriate cost targeting and an effective incentive regime in this area. We agree that modification proposal 141, by increasing the monthly cap on incentive charges to £400k, will provide a better incentive to shippers to better manage data and provide a stimulus to shippers who are relatively inactive in this area.

Modification Proposal 141A

Whilst Gaz de France ESS is sympathetic to the concept of a charging structure based on age, we are unable to support the proposal for the following reasons.

Firstly, the charges suggested under proposal 141A would not actually materialise in practice as the £100k per month cap is not adjusted. Based on current invoice values this would result in a significant scale back in

the actual charges levied and therefore would not in reality improve the incentive to shippers to resolve USRV failures.

Secondly, Xoserve have indicated at workstream meetings that the costs of implementing this (141A) proposal could be significant relative to a fairly minor total invoice value. Additional validation procedures would also be required in shipper systems and this again increases complexity and costs.

Thirdly, in certain extreme circumstances, there are situations where USRV data problems are beyond the control of the shipper. This clearly increases the time needed to resolve issues where several parties are involved in the process. There are no valid exemption rules contained in this modification proposal to account for these cases and as such shippers may be penalised unfairly.

I trust these comments are helpful, if you have any queries regarding this response please contact me on 0113 306 2104.

Yours sincerely



Phil Broom
Regulatory Affairs Analyst
Gaz de France ESS