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4 November 2008

**Distribution Networks Pricing Consultation Paper DNPC04:  
Methodology for determining the balance of revenue recovery between LDZ system and customer charges**

Thank you for the opportunity to comment on the above consultation, Statoil (UK) Ltd (STUK) would like to offer the following comments.

STUK agree that a network specific approach to determining the balance of revenue recovery between LDZ system and customer charges is in line with the transporters objective to be cost reflective and a change of this nature is supported, however STUK do not support the proposed timing of the implementation of this change.

STUK place a high value on a stable charging regime along side a degree of predictability and as such would support delaying the implementation of DNPC04 until the proposed work on the formulation of the customer charge is completed, allowing these related topics to be considered as a whole. This would prevent a piece meal approach to the implementation of charge changes and allow the industry to fully consider the impacts on all load bands and any unintended consequences of the change particularly on the IGTs and their customers and the I&C market.

To further promote stability STUK would not wish to see these charging levels reviewed more frequently than at the start of each price control period (5years), once allowed revenues have been set. Although there maybe changes within this period the stability of the charge is of a higher importance

Please do not hesitate to contact me if you wish to discuss any of the above.

Yours sincerely

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