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Modification Panel Secretary  
Transco  
Floor D3 NGT House  
Warwick Technology Park  
Warwick  
West Midlands  
CV34 6DA

28<sup>th</sup> October 2004

Dear Julian,

**Modification Proposals:**

- 712: 'Additional information in modification proposals and modification reports'**
- 713: 'Ability for User's to vary their modification proposals'**
- 714: 'Use of principles of governance in applying Section Y of Network Code'**
- 715: 'Modification panel approval of the treatment of representations in Final Modification Reports'**

Thank you for the opportunity to comment on the above modification proposals. Statoil (UK) Ltd. (STUK) would like to make the following comments.

**712: 'Additional information in modification proposals and modification reports'**

The provision of additional information within the modification proposals should provide clarity and avoid the need for respondents to request explanation of specific issues. Also, the facility to have more information will provide greater clarity in both the Draft Modification Report (DMR) and the Final Modification Report (FMR). Essentially, modification proposal 712 formalises the need to request the proposer to indicate the route in which they wish to progress this proposal. This then would alert others that a proposal could be developed further in a workstream or that it is ready to go straight out to consultation (subject to modification panel approval).

If the proposer provides legal text, Transco should standardise this prior to the release of the DMR, as this would provide clarity to others at an earlier stage in the modification process. STUK do not believe the costs involved in standardising the legal text by Transco to be high and that once the proposer submits the legal text, this will assist Transco, as the work required for producing the legal text will be provided by the proposer.

Information by the proposer on possible system impacts on Transco's system is a welcomed addition to this process as it is unclear from the current initial modification proposal, as to



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whether systems costs would be incurred. It is only until the DMR is produced, 15 working days after the modification panel meeting, those systems impacts are known. STUK support the principle that the systems information provided by Transco could be governed at a relatively high level, which would avoid the need for extra costs being incurred by Transco for the provision of detailed systems information. With this in mind, any costs associated with providing high level I.T costs should be minimal and should therefore be funded by Transco. We believe the legal text should reflect as accurately as possible the changes proposed.

Based on the information given above, Statoil support this modification proposal.

### **713: 'Ability for User's to vary their modification proposals'**

STUK believe that Shippers should be given the same privileges as Transco in having the ability to vary their modification proposals. The proposer would be able to adopt the same principles as Transco thereby eliminating any discriminatory issues. STUK believe that the Shipper's modification proposal could be varied at any stage in the lifecycle of the modification proposal and that the associated legal text should be amended at the same time. The ability to vary the proposal will help both shippers and Transco in allowing the change to proceed without the need for withdrawing the modification proposal thus improving the efficiency of the modification process.

STUK therefore supports the above modification proposal.

### **714: 'Use of principles of governance in applying Section Y of Network Code'**

STUK are supportive of the principles being suggested in this modification proposal. By aligning the Network Code governance regime with the proposed six principles of governance, this would ensure that the modification panel would make references to best practice when considering how to progress such modification proposals. This proposal tightens up the current governance rules and establishes a clear set of principles and on this basis, STUK support this modification proposal.

### **715: 'Modification panel approval of the treatment of representations in Final Modification Reports'**

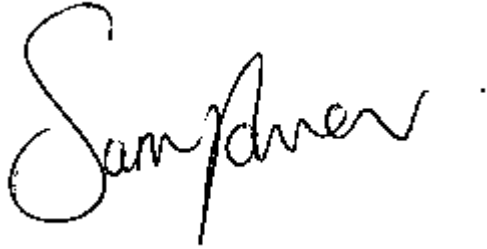
STUK support this modification proposal, as we believe it provides benefits to many parties. Through the implementation of this proposal, Transco would ensure that they have accurately reflected all shipper's responses and would therefore not be open to criticism that it had sought to gain an unfair advantage by favouring representation that supported its own position at the expense of those which opposed it. Shippers would be satisfied that their views had been accurately reflected in the Final Modification Report. Finally, Ofgem would be able to make their decision on whether to implement or reject the proposal on the basis that the Final Modification Report had been sanctioned by the modification panel for being a fair interpretation of representation.

STUK believe that together the above modification proposals represent a significant improvement in the Network Code governance process. Therefore we recommend that all the above modification proposals should be implemented as soon as possible.

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 sincerely



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Regulatory Affairs Advisor



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