

Mr. Julian Majdanski  
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10 September 2004

Dear Julian,

***Modification Proposal 733 – Facilitation of Substitutability Between Capacity and Locational Energy Actions***

Total Gas and Power does not support implementation of this modification proposal.

Scaling back interruptible capacity and buying firm entry capacity on one side of a transportation constraint in the hope that it will encourage gas flows on the other is by no means certain and could well be inordinately expensive. Not only in terms of the direct cost of Transco's actions but on the potential repercussions upon the spot market and ultimately the end consumer, should, for example, the gas fail to materialise either due to contractual or physical impediments on/offshore respectively.

TGP also note the probability of interruptible capacity being scaled back is likely to increase with this proposal and consider this may well undermine previous commercial decisions taken within entry capacity auctions, since the likelihood of scale back would certainly influence the bidders optimal mix of firm and interruptible capacity.

In summary we are not persuaded of the suggested benefits that may be realised from Transco being able to substitute capacity and locational energy actions and hence are not convinced this proposal will further the relevant objectives.

Please feel free to contact me if you would like clarification on any of the comments above or have any other questions.

Yours sincerely

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