

**Representation For. 0733**  
"Facilitation of Substitutability Between Capacity and Locational Energy Actions"  
Version 1.0

**Date of Communication:** 01/02/2005  
**External Contact:** Joy Chadwick (ExxonMobil Gas Marketing Europe Limited)  
**Slant:** Against  
**Strictly Confidential:** No

**Abstract**

Facilitation of Substitutability Between Capacity and Locational Energy Actions

Dear Julian

Thank you for the opportunity to comment on the above modification proposal. ExxonMobil International Limited is responding on behalf of ExxonMobil Gas Marketing Europe Limited.

This Modification proposal is being promoted primarily on the basis that it is required in order to be consistent with the terms of Transco's PGT licence. Whilst it is clearly undesirable to have inconsistency between the terms of Transco licence and the terms of its Network Code we do not see that this places us under an obligation to support the proposal.

We do not support the proposal specifically because the changes in the Transco triggers for Locational Actions involving capacity scale back or release, in our view extend additional capacity price risks for shippers wishing to compete in the GB sector of the wholesale market. The regulatory arguments for the proposals, namely full theoretical substitutability between locational energy and capacity actions for Transco, appear to us to ignore the impact on the level of competition in supply of gas through UK entry points and hence the price volatility on the wholesale market.

We trust these views will be taken into consideration and if you wish to clarify any points, please do not hesitate to contact us.

Yours sincerely

Joy Chadwick