

Mr. Julian Majdanski
Joint Office of Gas Transporters
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Solihull
West Midlands
B91 3QJ

20 September 2005

Dear Julian,

Modification Proposal 0027 - “Right of Set Off under Uniform Network Code”

Please note that this submission is also made on behalf of Total E&P (UK) plc. Total Gas & Power Limited (TGP) & Total E&P (UK) plc give qualified support to modification 0027.

Comments on the Draft Modification report are as follows:

- If Users have the ability to set-off credits and debits this reduces the amount of transactions undertaken between Transporters and Users, so reducing administrative and banking costs. We therefore agree with the proposer’s assertion that this modification will reduce some User’s costs.
- Whilst this modification does increase alignment of the UNC with Ofgem’s best practice guidelines, we have yet to see evidence of widespread industry support for this particular aspect of the guidelines and so we disagree that alignment with Ofgem’s view is necessarily an advantage. The modification process is designed to allow full debate of proposals and agreeing with the regulator opinion should not be seen as an advantage.
- We agree that some Users system may not be able to cope with such netting-off without considerable adjustment hence incurring expense to the consumer. This should be considered to be a severe disadvantage to the proposal. We note that at the distribution workstream the proposer has denied requests for setoff to be optional, so obviating the problem of system development costs.
- We therefore believe that while modification 0027 promotes the Transporters’ ability to operate the network in an efficient and economic manner and so fulfills the relevant objectives of licence condition A11, the costs to some Users may outweigh this. Owing to our concerns with this modification we can only give our qualified support.

Should you wish to discuss our response further, please feel free to contact me.

Yours sincerely,



(This message is sent electronically and is therefore not signed)

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