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REGISTERED IN ENGLAND  
NO. 2706333

Dear Julian

**RE: Code Modification Proposal 0030 – Extension of the QSEC auction timetable for 2005**

Thank you for the opportunity to respond to the above modification proposal.

Gaz de France ESS gives qualified support to this proposal.

Given the recent consultation by OFGEM regarding Unit Cost Allowances for System Entry Points, we agree with the proposer that it is appropriate to extend the timetable for QSEC auctions for capacity year 2005. Should the outcome of this consultation require further industry consultation to determine auction prices or if UCAs are not available for any other reason by the statutory deadline of 19 August 2005, it is prudent to extend the auction window to 30 November 2005.

It is essential for auction participants to have clarity on prices to enable meaningful results to be achieved from the auction process and ensure that efficient investment signals are given to Transco NTS. The consequence of this proposal not being implemented could mean that QSEC auctions are conducted in September 2005 without clarity over UCAs or that UCAs are subsequently revised.

We agree with the proposer; that this proposed modification would better facilitate GT Licence standard condition A11.1(a) “to better facilitate the efficient and economic operation of the NTS pipeline” through receiving clear investment signals. Also, A11.1(d)(i) “facilitate the effective competition between shippers”; a lack of clarity on UCAs could otherwise undermine competition in auctions.

Gaz de France ESS is extremely concerned however with regard to the potential detrimental impact on timescales for the allocation of incremental NTS Entry Capacity. This is particularly important, as any delay would risk delaying the arrival of new gas supplies to the

UK with potentially unfavourable consequences for customers and for security of supply. Potential delays to incremental NTS Entry Capacity availability for October 2008 could significantly affect the supply/demand balance for Winter 2008/9, winter supplies should be of paramount importance.

Auction participants should not suffer financial loss as a result of a delay to planned investments should this modification be implemented. Incremental NTS Entry Capacity requirements, especially where signalled through the planning process, must be unaffected by this proposal; It is unfair to attribute risk to shippers in this instance. . It is with regard to these concerns that Gaz de France ESS qualifies our support for this proposal.

If you have any queries regarding this response please contact me on 0113 3062104.

Yours sincerely



**Phil Broom**  
**Regulatory Affairs Analyst**  
**Gaz de France ESS**