

Representation For. 0030
"Extension of the QSEC auction timetable for 2005"
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Slant: For
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Abstract

Extension of QSEC Auction timetable for 2005

We refer to the above modification proposal raised by National Grid Transco.

It proposes that the period for undertaking the Quarterly NTS Entry Capacity auctions for 2005 is extended to cover the period 1 September to 30 November 2005.

Shell Gas Direct (SGD) supports this proposal. Shell has provided comments to Ofgem in response to its consultation document on Unit Cost Allowances (UCAs). While we understand that it is Ofgem's intention to publish a conclusions document on this as soon as possible and this could be before 19 August 2005.

It must be noted that that the UCA document raised fundamental issues regarding the operation and reliability of the LT auction approach. It is important that Ofgem takes the time to fully consider the responses to their consultation and, if this means a necessary delay to the timetable of the auctions, this may need to be accommodated.

Along with other shippers, Shell will need to consider any decision Ofgem makes prior to finalising our strategy for the upcoming auctions. Given the timescales, we consider it prudent to ensure that the auctions can be delayed to allow for the invitation to be issued at least 28 days prior to the auctions themselves. We note NGT's outline of the advantages and disadvantages of this proposal and consider that the advantages of enabling better understanding by shippers would ensure that NGT was able to fulfil the Transco NTS licence obligations to develop an efficient and economic pipeline system. Shell has raised previously its reservations regarding the potential for the LT auctions to provide auction signals. While we support this proposal, it should not be assumed that we accept that this approach to network investment decisions is adequate or reliable.

Yours sincerely

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