

TOTAL GAS & POWER LIMITED

Mr. Julian Majdanski
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
West Midlands
B91 3QJ

25 July 2005

Dear Julian,

Urgent Modification Proposal 0037 - "Limitation on offering for sale unsold capacity"

Total Gas & Power Limited welcomes the opportunity to submit the following comments in respect of our opposition to modification proposal 0037. Please note that the response is also submitted on behalf of Total E&P UK PLC.

We understand Transco NTS's concern with regard to being required to sell additional capacity when it believes there is a significant risk that it will not be able to physically deliver all or part of the unsold capacity from the capacity allocation date. However, for auctions that have not yet been held, we see this risk being addressed by modification proposal 0036 to which we have given our qualified support.

Where capacity has been sold in previous auctions, then this has been offered on the network code terms applicable at the time of that auction and parties bidding for capacity have made firm financial commitments on the basis that the capacity would be available or would be bought back, if unavailable. Any such decisions have also been made on the understanding that, at all times, capacity up to baseline would be offered in one or more auctions and that where obligated entry capacity was released (either as annual or permanent) then any unsold capacity would also be offered for the appropriate periods in future auctions. It is therefore unacceptable for changes to be introduced that would retrospectively affect the value of such capacity. In fact, we believe it is a licence obligation that such capacity should be offered in one or more auctions and we therefore do not understand how the UNC can be changed unless the licence is also changed.

Please feel free to contact me on the number below if you wish to discuss our response in more detail.

Yours sincerely,

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

Steve Ladle
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Total Gas & Power Limited

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