

Eni UK

Eni UK Limited

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NSGP/LET/PS/ys/.../05

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

Dear Mr Majdanski

Response to Urgent Modification Proposal 0044 “Revised Emergency Cash-out & Curtailment Arrangements”

In this letter, Eni UK Limited (“Eni”) have set out why we can not support Transco NTS’s Urgent Modification Proposal 0044 “Revised Emergency Cash-out & Curtailment Arrangements”.

It is our understanding that Transco NTS seek to modify the Uniform Network Code (“UNC”) by providing “appropriate incentives for Users, to make suitable provision to avoid entering into a Gas Supply Emergency situation or to minimise the extent or duration of such a Gas Supply Emergency”. We also understand that this modification proposal (0044) represents an alternative to Transco’s previous modification proposal 0021 “Revised Emergency Cash-out Arrangements” which was raised in June 2005 and rejected by Ofgem 29 July 2005.

Eni recognises the need to modify the status quo for this coming winter and welcomes the fact that Transco NTS have now addressed some of the many concerns raised by Ofgem within it’s decision letter on modification 021 “Revised Emergency Cash-out Arrangements”. Although Eni support the principle areas of this alternative modification proposal, we believe this proposal still requires further clarity.

In particular, Eni believe that clear communication and guidelines are required to define at what point a Gas Supply Emergency would be declared. Furthermore, we believe that once a Gas Supply Emergency has been initiated, the market should be suspended with prices held as they are at that point in time. Eni firmly believe that the commercial market cannot continue to operate on un-amended basis once a Gas Supply Emergency has been declared, since the declaration of a Gas Supply Emergency would indicate, de facto, that the commercial market has failed.





In summary, Eni supports the need to review the existing arrangements, but believe that the current modification is unacceptable in its present form.

We hope our comments will be given due consideration before a final decision is made with regards to the implementation of this proposal.

Yours sincerely,

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