

07 October 2005

Julian Majdanski
UNC Modifications Secretary
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Dear Julian

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RE: Code Modification Proposal 0049 – “Optional limits for inert gases at system entry points”.

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

Gaz de France ESS gives qualified support to this proposal.

Given the current supply/demand forecast for the UK, it is important to plan to accommodate diverse sources of gas into the system in the near future to replace dwindling UKCS resources and maintain supplies for UK consumers. This modification seeks to facilitate this aim fairly across all network entry points where there could be some variance to carbon dioxide and inert gasses content compared to current levels but without affecting GS(M)R limits. Several modifications at sub-terminal level have been raised and implemented recently to achieve similar objectives, a collective approach as seen in this modification is an equitable way to tackle the issue and is efficient with regards to process.

We agree with the proposer that this proposed modification would better facilitate GT Licence standard conditions A11.1(a) (NTS) and (b) (combined) because less upstream processing would be required. Also A11.1(d) effective competition would be furthered generally by encouraging increased diversification of gas sources.

Gaz de France qualifies its support for this proposal on two grounds; firstly the case for considering an impact assessment, and secondly the proposed implementation date. The proposed implementation date is one year ahead of any planned physical deliveries of gas that are affected and therefore seems to be geared more towards commercial interests than practical concerns.

Given that there seems to be no compelling reason to implement this modification hurriedly and given concerns expressed recently about the potential impacts on end user plant and equipment, it is worth OFGEM considering whether it is feasible to conduct an impact assessment prior to any decision. Concerns over technical (customer equipment,

generation plant, pipelines and infrastructure), environmental (emissions and targets) and commercial implications could be addressed.

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

Yours sincerely



Phil Broom
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