



PETGAS TRADING (UK) LTD

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

30 November 2006

Dear Julian

Re: Draft Modification Report 0119 – Amendment to the Entry Overrun Charge

Petgas Trading (UK) Ltd (“Petgas”) would like to submit the following in response to the above Draft Modification Report.

Summary

Petgas supports the implementation of this Modification Proposal 0119. We agree with the statement in the Proposal that, under certain circumstances, the current incentive to purchase sufficient NTS Entry Capacity consistent with a User’s flow requirements could be negated, with the result that Users may decide to take up an overrun position due to conflicting financial incentives. We also agree that non implementation of the Proposal could lead to higher constraint management costs than could be the case should the Proposal be implemented.

Detailed comments on the areas of the Draft Modification Report

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Petgas agree with the points made by the Proposer with respect to the incentive to overrun and the consequent level of constraint actions and costs, thereby better facilitating the efficient and economic operation of the pipeline system.

Official Sponsor



2. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

Whilst we agree that implementation of this Proposal would better facilitate the operation of the system, we do not believe that it would have any realistic impact on security of supply.

3. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a. implications for operation of the System:

We agree that this Proposal could lead to the potential for an improvement in the operation of the system.

b. development and capital cost and operating cost implications:

We believe that any cost implications associated with this Proposal should be minimal.

c. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

Petgas do not have any comments with respect to this aspect.

d. analysis of the consequences (if any) this proposal would have on price regulation:

Petgas agree that this Proposal, if implemented, should not have any consequences on price regulation.

4. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

Petgas agree that this Proposal, if implemented, should not have any impact on the level of contractual risk of each Transporter.

5. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

Petgas has no comments to make on this aspect of the report.

6. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

Petgas agree that this Proposal, if implemented, should not increase the level of contractual risk on Users.

7. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

Petgas note that no implications have been identified.

8. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

We note that no such consequences have been identified.

9. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

We agree with the points made by the Proposer with regard to the advantages and disadvantages of the Proposal

Petgas has no further comments to make on the remaining sections of the Draft Modification Report over than with regard to the implementation date. Whilst we agree that it is usually best practice not to make changes to the system during the winter period, particularly where these could have contractual implications for Users, we do not necessarily agree that for this particular Proposal its implementation should be delayed until 1 April 2007 and would support its implementation at the earliest opportunity.

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely



Saheera Ahmad
Commercial Executive
Tel: 020 7536 5932