

**Statoil (U.K.) Limited  
Gas Division**

Statoil House  
11a Regent Street  
London SW1Y 4ST

Switchboard: 020 7410 6000  
Central Fax: 020 7410 6100  
Website: [www.statoil.co.uk](http://www.statoil.co.uk)  
Email: [srouse@statoil.com](mailto:srouse@statoil.com)  
**Direct Line: 020 7410 6071**  
**Direct Fax: 020 7410 6108**

Mr. Julian Majdanski  
Joint Office of Gas Transporters  
Ground Floor Red  
51 Homer Road  
Solihull  
West Midlands  
B91 3QJ  
[enquiries@gasgovernance.com](mailto:enquiries@gasgovernance.com)

03 January 2007

Dear Julian,

Re: Modification Proposal 0125: Introduction of new balancing neutrality charge for cost of residual balancer collateral on the OCM

Thank you for the opportunity to comment on the above modification proposal. Statoil (UK) Ltd (STUK) is in support of this modification and would like to make the following comments.

In its role as residual balancer NG NTS is required to make trades on the OCM. As there is now a requirement for the OCM to become collateralised NG NTS will be required to provide collateral for the balancing trades it makes on the OCM.

STUK is in support of the proposal to pass through the costs of the residual balancer in providing the collateral required for its balancing actions, to the community. By passing through these costs for the month in which they are incurred in proportion to the Users throughput, it ensures an efficient cost targeting approach.

Although in support of this modification STUK do have concern over the transparency of the arrangements and the reporting that would be provided in relation to the charges. The clarificatory note provided by NG NTS detailed that the charge would be passed through as part of the Neutrality smear and not as a separate line on the invoice. Shippers would therefore not have a clear idea of the portion of the charge relating to the residual balancers costs or anyway in which to validate the charge. Although NG NTS high light that they have a general reporting obligation STUK would like to see more detail of the charges that are to be passed through.



ISO 14001 Certificate 156



ISO 9002

Certificate No. 34477

STUK is in support of the proposed cost targeting approach for the pass through of residual balancer costs to Users and agree with the proposer that it would further the relevant objective 'securing of effective competition between shippers and suppliers', by targeting costs in proportion to a shippers throughput, sharing the costs fairly across the community. STUK would however like some assurance that clear reporting and some visibility will be provided to enable shippers to validate their own costs.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours Sincerely,

\*

Shelley Rouse  
Statoil (UK) Ltd

\*Please note that due to electronic transfer this letter has not been signed



ISO 14001 Certificate 156



ISO 9002 Certificate No. 34477