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Mr. Julian Majdanski
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21 December 2006

Dear Julian,

Re: Modification Proposal 0128: Amendment to Entry Capacity Baselines

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.

The new Transmission Price Control is to be implemented 1st April 2007, along with revised baselines for entry capacity. The revised baselines will represent, for some entry points a change in available volumes. National Grid NTS are to hold entry capacity auctions early in 2007, it therefore seems sensible that NG NTS should be able to use the revised baselines in the February AMSEC and March RMSEC auctions to prevent them selling to the original baselines which with some changing in April could result in entry points being oversold. Any overselling at entry points would increase the buyback risk to the industry, the costs of which would ultimately be passed onto consumers.

Ofgem also recommend in the Final Proposals for the Transmission Price Control that the volumes of entry capacity held back for release in the shorter term auctions should be reduced from 20% to 10%. STUK agree with the proposer that this change should be implemented ahead of the introduction of the new price control in April and in time for the February AMSEC auctions to increase the amounts of capacity available for sale.

STUK are in support of the use of the new baselines in the early auctions to better align the amount of future unsold capacity with the capability of the system, preventing entry points being oversold and exposing the community to an unnecessary buyback risk that would



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ultimately be passed on to consumers. This would therefore better facilitate the economic and efficient operation of the pipeline system.

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



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