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Mr. Julian Majdanski
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12 January 2006

Dear Julian,

Re: Modification Proposal 0129: Delay to the 2007 AMSEC Auction

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 UNC currently provides that the invitation letter for the AMSEC auctions be issued by 18th January and the AMSEC auction undertaken in February. NG NTS believe that as a result of the proposed revised baselines from 1 April 2007, there is the potential for a commercial impact on Users as a result of buyback costs should capacity be sold to ASEPs where Ofgem has proposed to decrease the baseline levels of available capacity as part of the Transmission Price control.

STUK are in agreement with the proposer that there is significant buyback risk to the industry through the capacity neutrality arrangements, should Users be able to purchase capacity at some ASEPs in the February AMSEC auctions above what may be physically available. By delaying the auctions until after a decision has been made on the changes to NG NTS GT licence this risk is significantly lessened.

Delaying the AMSEC auctions until the changes to NG NTS GT Licence are made will ensure that the capacity available in the AMSEC auctions will be consistent with the revised entry capacity levels and obligations to withhold capacity as a result of the TPCR.

Whilst STUK supported implementation of modification 0128 we share concerns with other market participants, with respect to governance, as stated in modification 0129. However,



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given the magnitude of risk in potential exposure to buy-back costs, should capacity be offered above what is physically available, we felt that using the modification process did, at least, provide a transparent mechanism for NGG NTS to consult on how best to mitigate industry exposure.

STUK believes that mod proposal 0129 does, however, remove concerns over governance and, therefore, offers a preferential solution to mitigating buy-back exposure.

Both mod 0128 and 0129 better facilitate the relevant objective of better facilitating the economic and efficient operation on the pipeline system by avoiding NG NTS making available levels of unsold capacity which are inconsistent with the levels that may be physically available, but given the industry concerns over governance and the implementation of mod 0128, STUK believe that 0129 offers a preferential solution.

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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