



Julian Majdanski
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Dear Julian

Re UNC Modification Proposal 0138 : Transitional Arrangements for Entry Capacity Transfers to Sold Out ASEPs

Shell Gas Direct Ltd (SGD), the holder of a gas supplier (non-domestic) and a shipper licence offers the following comments. Please note, this response is not confidential and so may be placed on your website.

SGD is in favour of the general principle of an inter-ASEP capacity transfer mechanism, given that it could be expected to lead a more efficient optimisation of shippers' entry capacity portfolios. If structured correctly, it could also lead to a more efficient use of the NTS.

Moreover, we **support** implementation of UNC Mod Proposal 138 and for the following reasons.

The requirement for the inter-ASEP transfer of capacity in this instance falls out of the Transmission Price Control. The implicit quid pro quo for the reduction in entry baselines and buyback risk was that NG NTS would put in place a mechanism for the inter-ASEP transfer of sold and unsold capacity. We agree with the proposer that the timetable associated with NG NTS' draft proposals, however, offers Users limited scope re transferring sold capacity in preparation for Winter 07/08. As such this:

- a) could have security of supply implications; and
- b) would appear incompatible with the obligations accepted by NG NTS as part of the Price Control settlement.

As a minimum, NG NTS should therefore be obliged to ensure that sold capacity can be transferred in time for this winter.

We also support the suggestion that the transfer of sold capacity should take place ahead of any AMTSEC. This would allow Users to make more efficient use of their existing capacity holdings prior to making additional bookings, thus reducing the possibility of booking excess capacity and allowing for a more efficient use of the NTS.

Relevant Objectives

SGD supports the arguments put forward by the proposer regarding how this proposal furthers each of the relevant objectives of NG NTS' GT licence. As such, we do not propose to comment further to any great degree.

However, we would draw your attention to viewing this proposal against the backdrop of Standard Special Condition A11, para 1(a). We believe that this proposal would have a significant impact in relation to sterilised capacity and would lead to a more efficient & economic operation of the NTS.

I trust you have found these comments useful.

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Amrik Bal', with a small flourish at the end.

Amrik Bal
UK Regulatory Affairs Manager, Shell Energy Europe