



May 25, 2007

Mr. Julian Majdanski  
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Dear Mr Majdanski,

**Re: Urgent Modification Proposal 0150, 0150A, 0151 and 0151A**

Excelerate Energy finds the entire process of setting baselines in the 2006 TCPR, urgent UNC Modifications and Pricing/Transfer Methodologies to be confusing and inefficient. As with Mods 0128 and 0129 in January 2007, we are again faced with Urgent Modifications to the UNC that provide unsatisfactory options in so far as the UNC process is only part of the overall capacity and pricing governance regime. The other key elements – the Licence and the Methodologies – are both determined in different processes with different levels of consultation and different timeframes.

Our views on these 4 Urgent Mods are as follows:

- Excelerate Energy does not support the implementation of Modification Proposal 0150 unless National Grid agrees to amend its Methodology to have a 1 to 1 transfer rate for the Northern Zone.
- Excelerate Energy supports the implementation of Modification Proposal 0150A .
- Excelerate Energy does not support the implementation of Modification Proposal 0151 .
- Excelerate Energy supports the implementation of Modification Proposal 0151A.

Now that the AMSEC auctions have been completed, it appears that there are 2 'sold-out' ASEPs, Teesside and Easington, which have the capability to flow additional volumes of gas. Given that spare 'physical' capacity is set to increase in the NTS due to > £1 billion of new investment and the steep decline in UKCS flows, and that the fundamental obligation in the Licence is to make capacity available, Excelerate believes that 1 to 1 transfers within zones are reasonable (subject to nodal maxima). The only possible exception would be if National Grid was able to demonstrate likely flow

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scenarios that would give rise to constraints and which could not reasonably have been foreseen at the time that auction signals were made. Had such constraints been foreseeable, then it is unreasonable for shippers to pick up any share in buy-back costs at such places as National Grid has had time to make the investment in new capacity.

National Grid has stated that it will not accept any alterations to the regime which increase its level of buyback risk. However, no evidence in relation to buy-back risk and levels of buy-back financial exposure was presented to shippers during the TPCR Process in 2005-06 or during this Modification process. Given the increase in NTS capacity at St Fergus and decline in UKCS flows, we do not believe such a risk exists in the Northern Zone and we have not seen any argument against a 1 to 1 transfer rate applying in this zone.

Sincerely,

A handwritten signature in black ink that reads 'Rob Bryngelson'.

Rob Bryngelson,  
Executive Vice President and Chief Operating Officer