



17 August 2007

Julian Majdanski
Joint Office of Gas Transporters
51 Homer Road
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Dear Julian

**BG Gas Services Limited Response to Code Modification Proposals 169 and 169A
"Transfer and Trading of Capacity between ASEPs."**

BG Gas Services Limited ("BG") supports Modification Proposal 169, on the understanding that this is the same as Modification Proposal 156A, which BG also supported, but modified so that there will be no AMTSEC auction in October. For the avoidance of doubt BG prefers Proposal 169 to Proposal 156, but supports both proposals.

BG does not support Proposal 169A as we believe this gives an undue advantage to those shippers at a potential donor ASEP which wish to buy capacity but did not do so during the AMSEC auctions held earlier this year. BG shares the concerns of many shippers that the uncertainty surrounding capacity baselines and the various auction processes has undermined shippers' efforts to make economic and rationale bids for capacity. However it was made clear prior to this year's AMSEC auctions that there would be a "trade and transfer" process in place which meant that shippers could not rely on capacity which was unsold in the AMSEC being available at that ASEP in later auctions. Therefore it seems fair that there should be a level playing field for shippers bidding for capacity during the proposed AMTSEC auctions. Proposal 169A would not provide this, hence BG's opposition to Proposal 169A.

BG continues to be concerned that there remains considerable uncertainty over the entry capacity regime, and its support for Proposals 156 and 169 is conditional on them applying to the coming winter months only. We hope that an enduring solution will emerge from the current Transmission Workstream discussions in which we are participating.

Yours sincerely,

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