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Julian Majdanski
Joint Office of Gas Transporters
31 Homer Road
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14th April 2008

Dear Julian

UNC Modification Proposal 0196: Alterations to shipper penalties for end user failure to interrupt.

Gazprom Marketing and Trading Retail (GM&T - Retail) welcomes the opportunity to comment on the above modification proposal. We **fully support** the implementation of the proposal.

GM&T – Retail believes that the modification proposal appropriately addresses the current defect of unmanageable risks being placed upon Users through the '5 strike rule'. We support the proposer's interpretation that the User is disproportionately penalised through its entire portfolio being converted to firm as a result of the failure to interrupt by its customers, exceeding 5 in any one year. We would like to stress that the User has no direct control over its customers to ensure interruption, unlike the GDNs who have the means to physically isolate the Supply Point.

We also support the modification proposal as a result of the current uncertainty created through the transporter's discretion on whether the User undertook 'reasonable steps to comply with the requirement to Interrupt'. This type of judgement call by the transporter imposes a risk on shippers that they can't wholly mitigate against.

Finally, we welcome maintaining the current sanctions and penalty for the individual Supply Points that do fail to interrupt. We believe that these current incentives are appropriate; customers should face the additional costs through deciding to continue to consume gas following the provision of an interruption notice.

To conclude, we welcome the implementation of this proposal. We believe that the proposal addresses the industry's main concerns with the current '5 strike rule'. In particular, the proposal deals with the significant and onerous risk of a User's portfolio being turned firm, through the action undertaken by its customers rather than itself. We also dislike the presence of transporter discretion and are not comfortable with the uncertainty it creates currently. The merits of this proposal continue through ensuring the current incentives placed on customers are not weakened by maintaining the sanctions and penalty associated with failure to interrupt.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Glenn Nixon', with a long horizontal flourish extending to the right.

Glenn Nixon

Gas Operations Manager

Gazprom Marketing & Trading Retail Ltd