



Tim Davies
Joint Office of Gas Transporters
Ground Floor
51 Homer Road
Solihull
B91 3QJ

Shell Gas Direct Ltd
Gas & Power
1-3 Strand
London
WC2N 5EJ
United Kingdom
Tel +44 (0)20 7257 5874
Fax +44 (0)20 7257 0101
Email: jemma.woolston@shell.com
Internet <http://www.shell.com/gasdirect>

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Dear Tim

Re: Modification Proposal 0228 - Correct Apportionment of NDM Error – Energy; and 0228A - Correct Apportionment of NDM Error - Energy

Thank you for the opportunity to comment on the above proposals. The following comments are offered on behalf of Shell Gas Direct (SGD) Ltd, the holder of both gas supplier (non-domestic) and shipper licences. This response is not confidential and so may be placed on your website.

For the avoidance of doubt, SGD does not support the implementation of either UNC Modification Proposal 228 or 228A (“228” and “228A”).

By way of explanation we would refer to our response to UNC Modification Proposal 194 – Framework for correct apportionment of NDM Error. In our response we set out our objections to the proposed use of the RbD mechanism to allocate costs and in particular pointed out that it would run contrary to facilitating competition between shippers and suppliers.

Given that 228 similarly proposes a use of the RbD mechanism, we feel unable to support it for the reasons outlined in our response to 194.

While 228A does not propose using the RbD mechanism, it nevertheless uses the same methodology as 228 for calculating the volumes and attributing them to different categories of supply point. Given the concerns over the opaque nature of the methodology when it was presented as part of 194 and subsequently 228, we see no reason why these concerns should not equally apply when the same methodology is present in 228A.

For the reasons above and in line with comments that we have made when these proposals were in part or whole previously raised, we do not believe that either 228 or 228A better facilitates the relevant objectives, in particular Standard Special Condition A11.1 (d):

so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN Operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

SGD does not suggest for one moment that the issue of unidentified gas should not be addressed. However, the way in which this happens needs to be done in an equitable, transparent and impartial manner, thus helping to promote competition. It is for that reason that SGD has raised UNC Modification Proposal 229 - Mechanism for correct apportionment of unidentified gas, which relies on the work of an independent expert and will therefore help achieve these objectives.

Yours sincerely

Jemma Woolston

Industry Operations Analyst, Shell Gas Direct

Please note as this letter has been delivered electronically this letter is unsigned