



John Bradley  
Modification Panel Secretary  
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4 December 2009

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Dear John

**Re: Modification Proposal 0275 - Reduction in DM LDZ Exit Capacity for Supply Points with Significant Changes in Usage**

Thank you for the opportunity to comment on the above proposal. 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 supports the swift implementation of Modification Proposal 0275.

As a result of the current economic climate, a number of I & C Customers operating in the Daily Metered market are significantly reducing demand, without completely ceasing operations. However, these customers are forced to continue to pay capacity charges that do not reflect their daily demand due to current industry rules and timeframes relating to SOQ reduction. At present, booked SOQ's can not be reduced to a level below the prevailing Bottom Stop SOQ (BS SOQ), however, in certain circumstances it may take up to two years for BS SOQ's to be revised.

Given the nature of current economic conditions, SGD believes it is entirely appropriate for a transitional mechanism to be implemented allowing customers to reduce both booked and Bottom Stop SOQ's to a more accurate level for gas years 2009/10 and 2010/11. We recognise that concerns have been expressed regarding changes to the existing regime; however, we feel that the process controls developed in the workgroup, aligned with the transitional nature of the proposed arrangements, offer sufficient safeguards against any potential inappropriate behaviour.

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As such, SGD's support for implementation is based on a view that the improvement in cost reflectivity could be better expected to facilitate the relevant objectives, in particular Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jemma Woolston', is located below the 'Yours sincerely' text.

Jemma Woolston  
Industry Operations Analyst  
**Shell Gas Direct Ltd**