



Our date
2009- 12- 04

Our reference

Administrative officer
Shelley Rouse

Your date

Your reference
UNC mod 0275

Statoil (UK) Ltd

Attn.: John Bradley
Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor red,
31 Homer Road
Solihull
West Midlands
B91 3QJ

Dear John,

Urgent 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 modification proposal. Statoil (UK) Ltd (STUK) is in support of this proposal and as such would like to make the follow comments.

As a supplier to the large industrial and commercial sector, STUK are aware that in the current climate a number of consumers operating in the DM market are reducing their demand levels. Indeed we have examples of consumers taking advantage of the current capacity reduction window in an attempt to ensure that their booked capacity better reflects their forecast demand, and who should this modification be implemented would consider further reductions in their booked capacity.

The current arrangements restrict consumers from reducing their capacity to reflect their reduced demand by limiting the revision of their SOQ to the level of their peak consumption during the previous winter, the timings associated with this mean that in some cases a reduction in SOQ this can take up to two years. This leads to consumers paying for capacity that they will not use, creating unnecessary costs and decreasing competitiveness.

If implemented this proposal would allow consumers, subject to submission of a letter of consent, to reduce their SOQ and BSSOQ to a level lower than the prevailing BSSOQ.

STUK agree with the proposer that the implementation of this proposal would better facilitate the relevant objectives by improving the cost reflectivity of the regime during the period in which this proposal applies and so securing effective competition between shippers and suppliers.

If you have any questions relating to this response please contact me on the below number.

Kind regards

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