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STUK response 0317/a

Administrative officer
Shelley Rouse

Statoil (UK) Ltd

Bob Fletcher
Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor red, 31 Homer Road, Solihull
West Midlands
B91 3QJ

Dear Bob,

Modification Proposal 0317 and 0317a: Interim Allocation of Unidentified Gas Costs

Thank you for the opportunity to comment on the above modification proposals. Statoil (UK) Ltd supports implementation of proposal 0317, and does NOT support implementation of proposal 0317a.

The implementation of mod 0229 introduced the concept of the AUGGE into the UNC. The intention was for the AUGGE to calculate the amount unidentified gas to be attributed to the I&C sector with its first report due 01 April 2011.

It is now acknowledged that this date will not be met and that an interim solution is required. Continuing in the spirit of 0299, proposal 0317 suggests that based on an independently sourced study a value of £2.75m should be attributed to the NDM LSP sector until such time that the AUGGE report is available.

Statoil believe that early implementation of this fair and transparent solution will help to reduce the current degree of cross subsidy between SSP and LSP sectors immediately, therefore the benefits for consumers will be immediate. Statoil consider that implementation of UNC mod 0317 will better facilitate the relevant objectives A11.1 (d) the securing of effective competition between shippers and suppliers and A11.1 (f) the promotion of efficiency in the implementation and administration of the network code.

Whilst proposal 0317a also promotes the use of an interim allocation of £2.75m it also includes the concept of retrospective adjustment once the AUGGE has published its report.

Statoil do not support the implementation of the concept of a retrospective adjustment believing that this will create unwelcome levels of uncertainty for end consumers with multiple adjustments to their invoices being made potentially within a short period of time.

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

Kind regards

Shelley Rouse
Statoil (UK) Ltd
srouse@statoil.com

Company
Statoil (UK) Ltd
Registered Number
1285743
Place of Registration
England

Office address
1 Kingdom Street
London W2 6BD
UNITED KINGDOM

Telephone
+44 203 204 3571
Telefax
+44 203 204 3600

Internet
www.statoil.com