



John Bradley
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Dear John

Re: Modification Proposal 0213V - Introduction of User Pays Governance Arrangements into the UNC

Shell Gas Direct (SGD) Ltd, the holder of both gas supplier (non-domestic) and shipper licences, offers the following brief comments in response to this proposal. Please note, this response is not confidential and so may be placed on your website.

For the avoidance of doubt, SGD supports to the implementation of UNC Modification Proposal 0213V ('213V').

SGD's support for this proposal is based on the fact that 213V provides a broadly agreeable way forward with regards to the operation of the Code Modification framework following the introduction of a User Pays regime for xoserve's services (as detailed in Ofgem's GDPCR Final Conclusions document). To that extent, 213V is clearly an improvement on the current framework.

However, the nature of our support is qualified by a recognition of the fact that, as it stands, there are areas where further development or revision to the proposal may be required. For instance, the exact nature and impact of the cost recovery of non-implemented Code Modification proposals is an obvious area.

Nevertheless, such issues should not detract from the fact that implementation of this proposal will be beneficial overall. If nothing else, implementation will help prepare the Code Modification framework for the introduction of the new User Pays arrangements. As such, in terms of the relevant objectives, implementation of 213V could be expected to help facilitate:

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

To the extent that costs are targeted efficiently at those parties that incur them, 213V could also be expected to better facilitate:

Standard Special Condition A11.1 so far as is consistent with subparagraphs (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.*

Please do not hesitate to contact me should you have any queries or require clarification regarding any aspect of this response.

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Amrik Bal', with a small dot at the end.

Amrik Bal
UK Regulatory Affairs Manager, Shell Energy Europe