

Marathon is fully supportive of the outcomes of work already carried out by the joint DTI/Ofgem/UKOOA/Transco initiative of 2003/04 to improve the provision of information at UK Terminals on gas production. This initiative took into account Producers concerns over issues such as implementation difficulties, confidentiality, existing long term contractual commitments and liability for usage of such information as is made available. It is our understanding and sincere wish that when the outcomes from the initiative are fully implemented, Transco will be able to plan, manage and operate the NTS more effectively.

Marathon is therefore concerned to note that Modification 727 proposes two significant deviations from the above initiative, namely that the information be at the sub-terminal level instead of two UK zones north and south; and that the information be published in real time instead of hourly.

Our initial reaction is that it is unwise and premature to propose introducing further changes when the benefits of the previously agreed arrangements have not yet been fully measured and assessed. It would, in our view, be more sensible to fully understand the effect on the NTS of the three phased approach of the DTI initiative for a full gas year at least.

Publishing data at sub terminal level in real time resurrects our concerns, previously allayed by the DTI initiative, over the questions of liability and the honouring of agreements already entered into relating to data publication. These agreements on commercial confidentiality were entered into not only by UKOOA and DTI, but by Transco and OFGEM also. It would seriously influence our decision whether or not to disclose information to Transco in future if we had reason to doubt that data previously agreed confidentiality was being respected.

Energy watch's cost benefit analysis ignores any savings to be made by the implementation of phases 1 -3 of the DTI initiative. Marathon believes therefore that Energywatch's claims made for the benefits of mod 727 are exaggerated.

We also understand that it is unreasonable for Energywatch to assert that similar information as is proposed under mod 727 is currently available to the electricity industry. We believe there is no equivalent electricity market exposure to risk as there is in the gas industry, given the remote and dangerous offshore locations of the supply source.

We question the market benefits to be gained from providing sub terminal specific data when the vast majority of gas trades in the UK take place at the NBP.

Marathon's final concern lies with liability for the accuracy and use of the data if published at sub terminal level. which is not addressed in the Energywatch paper. We note that Transco also shares our concerns on this issue.

In conclusion, Marathon considers that Mod 727 should be rejected on the grounds that the benefits from Phases 1-3 of the DTI initiative have not yet been fully identified and understood. Further, there are significant contractual and legal issues which to surmount would require lengthy and complex renegotiation even if there were a case for doing so.