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2 March 2005

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Dear Julian,

Modification Proposal 0727: Publication of Near Real Time Data at UK Sub-Terminals

I refer to the above modification proposal raised by energywatch. It proposes that Transco publish on its website near real time flow data for each sub-terminal which flow gas at rates greater than 10mcm/day.

Shell U.K Limited is responsible for the production on behalf of itself and co-venturers of a significant proportion of the UKCS oil and gas production. In addition, it operates several sub-terminals delivering gas into the NTS. We were fully supportive of the work completed in 2004 and the agreements reached to improve the provision of information about gas production and its delivery into the NTS.

One of the agreements reached, the so called "Phase 3 information", included real time flows into the NTS, forecast flows into the NTS, deliverability with respect to planned maintenance and sub-terminals "end of day" flow data. All data, apart from the "end of day" flow data at sub-terminals was to be published in aggregated form on a North/South basis. This agreement was reached after much effort by all parties addressing issues of confidentiality, data ownership and liability. Two elements of the "Phase 3 information" real time and forecast flows are we understand to be implemented in July and May respectively of this year

The energywatch proposal is an extension of one element of the "Phase 3 information" i.e. real time flows into the NTS. In relation to this proposal we make the following points:

- The benefits from implementing Phase 3 fully are not yet know. Until they are, taking account of the difficulties in extending this further (see below), a decision to proceed with mod 727 would be premature.
- In phase 3, the decision to aggregate sub-terminal flows on a North/South basis was the result of detailed consideration on issues such as confidential, liability and data ownership. There would need to be clear additional benefits from the proposed modification above those from the phase 3 agreement to justify the substantial effort to re-address these points. Even if this were the case (see below) there is no guarantee of reaching a solution acceptable to all parties.

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- The cost-benefit analysis presented in the proposal is not compelling. It does not take as a starting point the benefits that will accrue from full implementation of phase 3. Hence, the case is not made that the additional benefits from the modification are worth the cost and effort required to progress the modification.

We believe that consideration of proposals to release further information to the market above that established in “phase 3” can best take place after the impact of the phase 3 measures can be fully assessed. It was our understanding that in reaching the agreement on the “phase 3” proposals in 2004 with the parties involved Ofgem/DTI/Transco/UKOOA and the Energy Minister this would provide a period of much needed stability. We suggest it would be beneficial for all parties to facilitate this period of stability.

Yours sincerely,

Stuart Andrew Reid,
UK Regulatory Affairs Manager,
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