

10 October 2005

Julian Majdanski
UNC Modifications Secretary
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Dear Julian

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Uniform Network Code Modification Proposal 0050 – Storage Monitor Adjustment

Thank you for the opportunity to respond to the above modification proposal.

Gaz de France ESS does not support this proposal.

The current obligations on shipper/suppliers to make sufficient gas available for their customers' demands and Transco NTS Safety Case address the same issue; to ensure protected supplies are maintained. The crossover point at which commercial arrangements are superseded by "command and control" at the point when safety monitors are breached can almost be described as self defeating for the UK supply position as storage flows can be curtailed at the time of most need. There is a potential for conflict between the two regimes here, which seems perverse given the overall aim.

Currently storage monitors are set for the coming winter and this adds some certainty for shippers who have a measure of the deliveries available to them through storage. This modification, by allowing storage monitors to be increased within winter introduces uncertainty to both the level of deliverability available to shippers, despite their contracted position, and also to the commercial value of storage. This adds commercial risk to shippers and potentially additional costs may be passed through to consumers in the form of increased risk premia. Uncertainty over the commercial viability of storage contracts could have a detrimental impact on future security of supply, shippers may be discouraged to contract for storage by additional uncertainty and planned or new storage projects may no longer be viable.

For these reasons we feel that this proposal would undermine standard special condition A11.1(d) securing effective competition between shippers and suppliers.

If you have any queries regarding this response please contact me on 0113 3062104.

Yours sincerely

P. Broom

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