

Representation For. 0073

"Revision to the Notice Period regarding the implementation of changes to Transportation Charges"
Version 1.0

Date of Communication: 06/03/2006
External Contact: (Statoil (Uk) Gas Limited)
Slant: Against
Strictly Confidential: No
Abstract

Julian Majdanski
Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
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Solihull
West Midlands
B91 3QJ

06 March 2006

Dear Julian,

Modification Proposal 0073 'Revision to the Notice Period regarding the implementation of changes to Transportation Charges'

Thank you for the opportunity to comment on the above modification proposal. Statoil (UK) Ltd (STUK) is not in support of this modification and would like to make the following comments.

The current regime allows users 2 months notice of an annual change to transportation rates. This proposal suggests increasing this notice period to 4 months, with the intent of allowing shippers to accurately reflect transportation charge changes into supply contracts.

Increasing the notice period given to users to 4 months could potentially mean that, when including the months notice required by the authority to review the proposed changes, the prices would have been formulated at least 5 months before. The industry would have to accept that any indicative charges would almost certainly become the actual and that a lot of the data used would be based on forecasts and estimates.

As highlighted at the Transmission and Distribution workstreams and in the draft modification report some of the essential data used by the DNs to calculate price (NDM demand forecasts and out turn revenue) would not be finalised in time to be included in any price formulation. This

could lead to high level of price uncertainty as volatility in changes to charging levels year on year would be expected and could lead to over or under recovery.

STUK do not believe that this proposal would better facilitate the relevant objective 'The securing of efficient competition between relevant shippers and suppliers and DN operators', as reducing the time allowed for transporters to formulate the charges, reduces the availability and accuracy of the data used and increases the reliance on forecast and estimates.

STUK would like to see the current arrangements maintained with transportation rates determined using the most accurate information available.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely

Shelley Jones
Regulatory Affairs Advisor
Statoil (UK) Ltd