

TOTAL GAS & POWER LIMITED

Mr. Julian Majdanski
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
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"

Total Gas & Power Limited (TGP) supports the above modification.

Our comments on the Draft Modification Proposal are as follows:

- Transportation Charges presently reflect a balance between using the most accurate demand forecast data available, against giving sufficient time to shippers to correctly price contracts. The effects of this compromise have been demonstrated over the course of the last price control, where Transco has experienced significant deviation from the revenue that it has expected to collect. Other factors, such as system demand, have a far greater impact on this balance than a refinement of the data in hand. We therefore do not believe that a movement of the deadline for publishing final Charges will significantly reduce their accuracy.
- As the increase in the notice period will not have a significant impact on the accuracy of the current Transportation Charging process, this proposal facilitates relevant objective A11.1(d), as the price certainty will facilitate competition between Suppliers.
- In the draft modification report Ofgem requested specific details on contracting with customers. In response, we would like to observe that there is still a significant "bunching" of contract renewals around the start of the Gas Year. There has been a tendency to move toward "ever-green" contracts however, with a 3 or 6 month termination clause. An increase to a 4 month notification period would therefore provide certainty on prices to customers with 3 month notice periods who wish to switch prior to the start of the gas year.

Should you wish to discuss our response further, please feel free to contact me.

Yours sincerely,

(This message is sent electronically and is therefore not signed)

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