

Julian Madjanski  
Modification Panel Secretary  
Joint Office of Gas Transporters  
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51 Homer Road  
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24 November 2006

Dear Julian

Re: Draft Modification Report 0104 - 3rd Party Proposal: Storage Information at LNG Importation Facilities

Petgas Trading (UK) Ltd (“Petgas”) would like to submit the following in response to the above draft modification report.

### **Summary**

Petgas does not support the implementation of this Modification Proposal 0104 as overall we do not believe that the proposal demonstrates that it better facilitates the relevant objectives required for a modification to the UNC.

We have made our detailed comments later on against the relevant sections of the Draft Modification Report. However in summary we do not understand why the Proposer believes that under the UNC there is an asymmetric level of data made available from LNG Importation Facilities. To our knowledge, an LNG Importation Facility provides, as is required by the UNC, the same level of information as that of any other system entry point that is delivering natural gas into the UK. As such to require an individual system entry point to provide an additional level of information would appear to be clearly discriminatory. Further we do not believe that this information would provide the industry with anything more useful than the sub-terminal flow information that is already published.

If the Proposer of the modification still has justifiable concerns about the level of information transparency within the UK Gas market then Petgas believe they should support the full industry discussion as suggested at the recent Transmission workstream before raising further piecemeal attempts to change specific areas of the regime. Such discussion should look at the impact of such information on the whole gas chain recognising the evolving position of the UK from one of self-sufficiency to that of a significant net importer.

## **Detailed comments on the areas of the Draft Modification Report**

### **2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives:**

#### *A11.1 (a) the efficient and economical operation of the pipe-line system:*

We do not agree that this information would enable Shippers to better forecast demand and thus make appropriate trading decisions to balance their portfolio. The necessary information to balance the system as a whole is already available through the summary of inputs and offtakes to/from the NTS.

#### *A11.1 (c) the efficient discharge of the licensee's obligations under this licence:*

It is our understanding that National Grid has stated that they do not need this level of information for security of supply reasons. As stated earlier we do not agree that this information would assist shippers to better forecast demand and thus disagree that it would result in an improved balance of the system as a whole.

#### *A11.1 (d) the securing of effective competition (i) between relevant shippers and (ii) between relevant suppliers:*

Petgas do not agree that this proposal makes any improvement in securing effective competition between shippers and/or suppliers. We would suggest that the level of information necessary to assess the UK supply/demand balance is already available on a fully transparent basis. Should this proposal result in a single LNG importation terminal being exposed to a greater level of information than any other system entry point then we believe that this would be discriminatory and contrary to the securing of effective competition between shippers and/or suppliers.

### **3. The implications of implementing the Modification Proposal on security of supply, operation of the total system and industry fragmentation**

As stated above we do not believe that this proposal would improve the security of supply position for the UK gas market.

### **4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including:**

#### *a. implications for operation of the System:*

Petgas would leave comments on this aspect to the Transporters in terms of implications for themselves.

- b. *development and capital cost and operating cost implications:*  
We understand that no cost estimates are available at present but clearly there will be a cost to create a framework under which such information could be published.
- c. *extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:*  
Petgas do not have any comments in this respect.
- d. *analysis of the consequences (if any) this proposal would have on price regulation:*  
Petgas do not have any comments in this respect.

**5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**

Petgas note the comments made by the Proposer in respect of its stated intention that National Grid are not obliged to publish or make available operational or market data where this is not made available to it.

**6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

Petgas has no further comments to make on this aspect of the report.

**7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

Users may feel that they need to amend their systems to process any additional information that may be available should the proposal be implemented, which would clearly incur costs.

**8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

We would note the references in the proposal to the Guidelines for Good Practice for System Storage Operators but would emphasise that we do not believe these guidelines are applicable to LNG Importation Facilities as they are clearly not storage facilities as defined in the European Directive 2003/55/EC.

**9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal**

Petgas has no comment to make regarding any such consequences.

**10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal:**

*Advantages*

We do not support the advantages as expressed in the draft modification report for the reasons expressed earlier

*Disadvantages*

We agree with the disadvantages identified in the report

Petgas has no further comments to make on the remaining sections of the draft modification report.

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely

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