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Dear Tim

Re: Modification Proposal 0209 – Rolling AQ

Shell Gas Direct (SGD) Ltd appreciates the opportunity to comment on the above proposal. This response is not confidential and so may be placed on your website.

For the avoidance of doubt, SGD supports many aspects of this proposal. In particular:

- AQ's play a critical role in a variety of core industry processes including transportation charging and reconciliation. SGD is therefore supportive of the principle of improving AQ accuracy, particularly as under the current regime they can be up to 18 months out of date.
- We agree with the proposer that improvements in the accuracy of AQ's will ensure that energy is allocated more accurately on the commodity invoice, thereby reducing reconciliation values and potentially the movement of RbD volume between markets. We also agree that improvement in the accuracy of AQ's and consequently SOQ's could improve cost targeting.
- We can also see some marginal administrative benefits for both Shippers and xoserve in moving to a monthly process by avoiding the annual AQ workload peak and also for Shippers by removing the need for re-confirmation of sites to amend AQ's outside of the annual AQ process. Although it is possible that the increased number of AQ changes per meter and the introduction of monthly validation processes could require increased resource for Shippers on an ongoing basis.

However, SGD does not support implementation of this proposal at this time. Our reasons are outlined below.

It is important that any significant changes to the existing AQ Review regime should be managed in as cost and resource efficient way as possible. In particular, it is vital that the potential costs involved in implementing this proposal, both in terms of the Transporters' development costs and ongoing running costs, but also for Shippers' own systems and processes, are not underestimated.

In that context, the lack of sufficient detail regarding the estimated costs of the potential IT and process changes makes it difficult to make a judgement as to whether this proposal achieves this aim. As such, we have not found it possible to carry out any meaningful cost benefit analysis at this time.

Given these concerns, but also our support for the aims of the proposal, SGD considers it would be more appropriate to consider development and implementation of this proposal as part of Project Nexus. We believe that this would be the most cost-effective solution and would also ensure that the changes are considered in the context of wider industry change.

Yours sincerely



Jemma Woolston
Industry Operations Analyst, Shell Gas Direct Ltd