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UNC Modifications 0150, 0151,  
0150A & 0151A

Dear Julian,

ExxonMobil Gas Marketing Europe Limited (EMGME) welcomes the opportunity to comment on the range of Mods aimed at introducing the ability to trade and transfer capacity between ASEPs. Since we believe these Mods are linked, we are going to comment on all four Mods in the same response. To aid development of the Final Mod Report we will nevertheless try to restrict our response to the relevant headings used in the Modification Proposals.

Overall EMGME supports Mods 0150 and 0151 and does not, at this time, support Mods 0150A and 0151A although we believe that these alternative Mods contain some elements that merit consideration in the future.

### **1. The Proposals**

Mods 0150, 0151, 0150A and 0151A introduce new concepts of being able to move both sold and unsold capacity between ASEPs. While we are broadly supportive of such concepts, we are concerned that the very short timescale for both commenting on the proposals, and the intended implementation, means that shippers have little time to fully understand the implications of the Proposals and to make preparation for bidding strategies following the current AMSEC auction. The Proposals add complexity, and therefore risk, to the capacity purchase process, with Mods 0150A and 0151A being particularly complex. For these reasons, we believe that Mods 0150 and 0151 represent the best option at this time because they appear to offer a simple solution in the short term and are for a limited 'trial' period. Once the industry has seen the effects of these new arrangements during the coming winter, it may be appropriate for some of the more complex elements of the E.On Mods to be considered.

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

We support National Grid NTS' view that Proposals 0150 and 0151 will meet the new Licence obligation placed on them under Standard Special Licence Condition A11 paragraph 1(c) (the efficient discharge of the licensee's obligation under the licence). We are not sure whether Mods 0150A and 0151A would better meet this obligation because we do not know if National Grid NTS has the ability to implement these proposals successfully and in time for the coming winter.

**3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

If Mods 0150 and 0151 are implemented, we believe security of supply will be enhanced because capacity can be moved to the ASEP where it is most needed. Shippers should be able to make best use of existing surplus capacity to bring their gas supplies in at their preferred entry points. We note that National Grid NTS are confident that they can manage the processes contained in these proposals in order to facilitate the trade and transfer of capacity and this should enhance the operation of the Total System. If the processes are managed efficiently then we do not believe that they will result in industry fragmentation.

We trust that these comments will be taken into account and please do not hesitate to contact me if this response is unclear in any respect.

Yours sincerely,

Joy Chadwick