***Regarding Modification Proposal 607 - Amendment to Gas Quality NTS Entry Specification at the St Fergus NSMP System Entry Point.***

Currently the modification is under Self-Governance as the proposer deems the higher CO2 gas is unlikely to have a material impact on the agreed self-governance criteria**.** Statoil would like to challenge this assertion under the [Guidance for Proposers Document](https://emea01.safelinks.protection.outlook.com/?url=http:%2F%2Fwww.gasgovernance.co.uk%2Fsites%2Fdefault%2Ffiles%2FUNC%2520%E2%80%93%2520Self%2520Governance%2520Guidance%2520v1.0_1.pdf&data=01%7C01%7Camrik.bal%40shell.com%7C75fa63e29bbc45518f5e08d4b977eea5%7Cdb1e96a8a3da442a930b235cac24cd5c%7C0&sdata=TJtBqgzxfAFQfysWAtZNx%2F3JnYAoltHfQfeLwCYfTHM%3D&reserved=0) and specifically the section related to the effect on competition in or commercial activities related to the shipping, transportation or supply of gas.

Statoil feels the proposal as it stands will have an impact on reducing competition or choice in the provision of commercial gas blending services.  The proposal will effectively result in the termination of existing commercial agreements and seek to replace them by taking advantage of gas delivered by other producers – some of whom may have undertaken associated investment – to deliver a permanent means of an increase the CO2 parameters.   This cross-subsidy will result in two main distortions:

a)       the market for commercial gas blending services; and

b)      competition between the shipper counterparties of the producers concerned.

Statoil is therefore of the view that this impact on competition requires that the final decision with regards for the modification should be taken by the authority.