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Dear Chris Chapman

**Ofgem's three year strategy 2004-7**

I wrote to you on 10 October 2003 outlining Shell Gas Direct's response to Sir John Mogg's request for views Ofgem's three year strategy for 2004-7. I have since realised that there was an issue I had not addressed and hope that you will be able to incorporate it into any future discussions.

Sir John's note asked what whether there are existing areas of work which should have lower priority. We now consider that the reform of the exit regime should be given lower priority and the current arrangements should remain in place until a further review document is published by Ofgem. Such a document should include an initial regulatory impact assessment and clearly set out how problems with the current regime are being defined and how objectives are being prioritised. It is our view that the consumers' interest should be paramount and we are not convinced that current deliberations are focussed on this. Also, recent proposals are being made that affect the exit and interruptions regime so it may be that a evolutionary approach should be adopted.

However, in light of the extent of work already under way in the industry, we would suggest that this area of reform is given a lower priority for the next year.

Yours sincerely

*[This letter has been sent electronically and is therefore not signed.]*

Tanya Morrison  
**Regulatory Affairs Manager**