

Posted and E-Mailed



23rd September 2004

Mr. Mick Fews

Office of Gas and Electricity Markets (Ofgem)
9 Millbank
London
SW1P 3GE

Dear Mr. Fews,

Re: Transco's Application of Eight Additional Gas Transporter Licences

On behalf of ESP Networks Ltd ("ESPN") I wish to respond to the application by Transco for eight additional Gas Transporter Licences.

It is our opinion that to accept Transco's application before the licence conditions are finalized, or in at least a final draft form, is premature as the decision if they are granted should be based on the conditions they will operate under. Likewise it is not possible for ESPN to make an informed decision as to our response to the application for the same reason. Therefore ESPN is minded to object to the application, as once granted they will be in a position to operate the DNs under separate licences even before the sale, and while the current licence conditions are appropriate for a single licenced operation, they are not appropriate for nine separate entities regardless as to whether the proposed sales go ahead or not. For example issues of how they interface with each other, how costs are allocated and how it is ensured no anticompetitive behavior through cross subsidies etc is permitted have not been decided through the current consultation process.

One of ESPN's key concerns regards the provision of emergency services (call center, make safe, network repair work and meter repair/replacement) provided by Transco to iGTs. This is a critical part of an iGT's operation and the implications for iGTs if these services are not provided under the separate licences has major implications. ESPN will be responding in more detail regarding this as part of the consultation on the licence conditions, however I would highlight to Ofgem that how this is provided for, or not, in the licences will be an important consideration for Ofgem in fulfilling its duties including the service provided to customers, efficiency of iGTs, and undue preference.

If you have any queries please do not hesitate in contacting me on 01372 227561.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Robert Wallace', written in a cursive style.

Robert Wallace
General Manager

ESP Networks Limited, Old Pump House, Elmer Works, Hawks Hill, Leatherhead, Surrey KT22 9DA
Tel: 01372 227560 Fax: 01372 377996 Email: info@espipelines.com Website: www.espipelines.com
Registered Number: 2865198 in England

