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15 April 2005

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Dear Sonia,

**National Grid Transco – Potential sale of gas distribution network businesses  
Formal consultation under section 23 and section 8AA of the Gas Act 1986  
February 2005 – 45/05**

Thank you for the opportunity to respond to this consultation. BP's response is not confidential and may be placed in Ofgem's library and on Ofgem's website.

As BP has stated in previous responses, there has been a plethora of documentation produced in relation to NGT's proposed sale of distribution networks, and like many other respondents we have limited resources. We have not therefore carried out an in-depth analysis of the proposed licence conditions for GTs, and our response focuses on a small number of key concerns and on the process undertaken for this major industry project.

**Standard Special Condition A55: Enduring Offtake Arrangements  
(applicable to NTS and DN-GTs)**

BP does not agree with Ofgem that "in order to protect the interests of customers the enduring offtake arrangements should be implemented by 1 September 2005". Furthermore, BP is aware that many other shippers and customers themselves do not support Ofgem's view.

BP does not therefore support Ofgem's intention to introduce licence conditions, binding upon Transco and each of the DNs, requiring them to use their best endeavours to implement the enduring offtake arrangements by 1 September 2005.

This obligation on GTs is of great concern to many industry players, not least because the timescale is too tight to allow any certainty in respect of a robust solution and a successful implementation. Exit Reform is a complex process and Shippers will need time to renegotiate contract terms and conditions with their NTS direct customers. These renegotiations in themselves may be extremely complex.

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If Exit Reform is to be introduced, BP suggests that a more realistic timeframe is adopted to allow all interested parties sufficient time to develop a workable and robust solution.

### **Further concerns**

BP remains concerned with regard to a number of issues in relation to DN Sales and the process followed, including:

- Process and timescales,
- Costs,
- Governance,
- Exit regime,
- Metering and
- The signing process for DN Sales agreements.

These concerns have been stated a number of times in BP responses to Ofgem on previous consultations, so on this occasion I refer you to my response to the consultation "*Gas distribution network sales – Stage 2 of consultation on network code arrangements – 99/05*" (my letter dated 12 April 2005) for the detail.

I hope that you find our comments helpful. Please do not hesitate to contact me if you would like to discuss any of the points raised.

Yours sincerely,

**Beverly Ord**  
**Regulatory Affairs**