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Ms Sonia Brown
Director, Markets
Office of Gas and Electricity Markets
9 Millbank
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24 July 2005

Dear Sonia

**3rd Party Proposal : Publication of Near Real Time Data at UK sub-terminals Modification
Reference Number UNC 006**

Thank you for the opportunity to comment on the assumptions in the above.

The United Kingdom Offshore Operators Association, of which ConocoPhillips is a member, is submitting a response and ConocoPhillips supports this. As such our response will not duplicate comments therein.

We welcome the more detailed analysis carried out by Ofgem in the Impact Assessment to refine its original estimate of £265mm/a and comment as invited on the latest assumptions.

a) System Balancing benefit of £2.5mm/a.

This is ultimately based on a figure of 1p/th (Appendix 5 paragraph 5.5). However, no basis is given for this figure though the magnitude is stated to be in the range of zero to 3.2p/th. The calculation using this number generates a value of £5.3mm/a, which is halved for inclusion in the summary of benefits. Again, no justification is made for the application of the 50% factor.

On volatility (paragraph 5.58) the comment is made "...potential costs associated with a short-term increase in volatility...unlikely to be material and are unlikely to persist." It would be useful to see Ofgem's analysis that leads it to conclude such. The Oxera report commissioned by UKOOA reviews this important issue only briefly and no firm conclusion could be drawn, though the issue was shown to be non-trivial.

b) Market volatility benefit >£3.8mm/a.

This figure is based on the work carried out by Oxera. However, Oxera themselves found the exercise of defining the incremental benefits for implementation of UNC modification proposal 006 very difficult to break out and this figure is for both the current information release initiative and the

proposal. The assumption underpinning this figure is also only based on sentiment rather than on any form of analysis. Further analysis by Ofgem in this area would be useful to better define what is highlighted as the largest benefit arising.

In summary, we welcome the further analysis Ofgem has carried out on UNC proposal 006. However, in light of the questions we have regarding the assumptions, we question whether there is a net benefit for customers and the market. We continue to be of the view that the information initiative involving Dti, Ofgem, Transco and the offshore community should be allowed to run its course and time allowed to recognize benefits arising. Only after this period, should additional information release be considered, including further work on the assumptions, as noted above.

Please do not hesitate to contact me should you have any queries.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'B. King' with a stylized flourish at the end.

Barry King
Regulatory Affairs Manager - ConocoPhillips Gas & Power Europe