

NSGP/LET/PS/ys/.../05

22 June 2005

Sonia Brown
Director, Markets
Office of Gas and Electricity Markets
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London
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Dear Ms Brown

Response to Ofgem's Impact Assessment of "3rd Party Proposal: Publication of Near Real Time Data at UK sub-terminals" Modification Reference Number UNC 006 (0727)

Eni UK Limited ("Eni") responded to Transco's initial draft modification proposal 0727 raised by Energywatch on the 25 February. Eni now welcomes the opportunity to comment on the Impact Assessment produced by Ofgem, and has set out its views herein.

It is our understanding from the Impact Assessment summary that "Ofgem's principle objective is to protect the interest of the consumer by promoting effective competition." However Eni believes that the Impact Assessment has rather overstated the prospective benefits of the modification proposal, whilst overlooking potentially serious costs to producers and threatening security of supply.

Indeed, it is maintained that, "when making a decision on the proposal, the Authority (Ofgem) also needs to take into account Transco's objectives under its licence obligations." However, the Impact Assessment has not taken into consideration Transco's views, as stated in the modification proposal, with regard to confidentiality and cost.

Eni believes this to be a serious disregard for an issue that may well prove to be detrimental to Transco, as well as market players more generally. Firstly, the release of commercially sensitive information exposes Transco to the risk of breaches of Transco's confidentiality undertakings and the consequent associated liabilities. Secondly, it also requires contractual renegotiation of any confidentiality undertakings which Transco may have given to third parties. The Assessment recognises that such negotiation may be necessary, but Eni considers the outcome of the process is much less certain than the Assessment suggests. Generally, Eni's view is that the adverse effects on producers of the modification proposed are understated.



Further, Eni does not accept the validity of Ofgem's estimated advantages arising from the modification. Not only have assertions been made based on rather tentative evidence, but also, no explanation has been given to justify how such detailed information will help the market become more efficient or economical. Equally, no investigation has been undertaken to explore the possibility that inaccurate information may be released and the obvious subsequent problems that may arise from this, including any liability arising.

As stated in Eni's previous response, the benefits of implementing phase III of the DTI's information initiative are not yet fully known, and will remain thus until sometime after July 2005 at the earliest. It therefore seems most appropriate to allow the results of the existing arrangement to materialize before making changes that may prove at best unnecessary, and at worst detrimental.

In our view, Ofgem offers a distorted and one-sided view of costs versus benefits; it is almost impossible to accurately predict either, reinforcing the conclusion that it is safer to fully investigate the results of the existing scheme before taking any further action.

In summary, Eni does not support the implementation of this modification proposal.

We hope our comments will be given due consideration before a final decision is made with regards to the publication of real time data.

Yours sincerely,

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