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Robert Hull  
OFGEM  
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28<sup>th</sup> September 2005

Dear Mr Hull,

**Re: Notice under Section 23(3) of the Gas Act 1986.**

We note the publication of the above mentioned document. By way of detailed response we refer you to our response to the consultation on NTS new entry points published in May 2005.

In our response to the consultation we argued that the methodology employed by Ofgem was fundamentally flawed. We note with interest that one of the independent consultants employed by Ofgem to review the May consultation document made substantially the same points as those raised by Star Energy.

We are disappointed that Ofgem are modifying Transco's licence with positive UCAs for our potential new entry points of Blyborough (Welton), Winkfield and Tatsfield. In all these cases Star Energy would be building a high pressure pipeline to the existing Transco NTS.

It remains our contention that onshore gas storage close to areas of high demand, far from requiring reinforcement of the network to move peak flows, actually strengthens the network. We see the positive UCAs published by Ofgem as a transfer of money from storage developers and storage users to National Grid shareholders. In addition, the publication of positive UCAs allows Transco a long lead time to provide reinforcement that we believe is not required and would not be economic if built.

We struggle to see how security of supply is encouraged by the increase in cost and the potential delay in making capacity available that is implicit in this section 23(3) notice.

We can only trust that the issues raised in the May consultation document will be reviewed in the forthcoming transmission price control, as recommended by one of the independent consultants employed by Ofgem.

Yours faithfully

A Fernando  
Business Development Director  
Star Energy Group plc