

From: Mark Petterson [mark.petterson@warwickenergy.com]
Sent: 28 September 2005 10:57
To: Robert Hull
Cc: Nienke Hendriks
Subject: Section 23 Notice - August 2005

Robert

I would like to repeat my comments regarding the above consultation on the proposals dated August 2005 and hope that these will be taken into account. We agree with the general thrust of the proposals but continue to believe that some of the proposed new UCA's are overstated. The one for Caythorpe is inflated because;

1 although sole-use pipelines are accounted for when setting new UCA's they have not been excluded from the costs used to set nearby comparative entry points. The clearest example being the recently set UCA for Garton which includes significant sole-use pipeline costs. Using this UCA to help set Caythorpe's (Burton Agnes) UCA lands our project with an inflated figure and we are effectively also paying for their pipeline (as well as them)

2 The historic UCA for Hornsea is an aberration as identified in the report from George Yarrow. This entry point should be excluded from the data set.

3 When two existing entry points are equidistant to a new entry point (Teeside and Theddlethorpe for Burton Agnes) their UCA's should be averaged when used to set the new UCA as set out in the proposal.

The creation of new gas storage capacity is important for the energy industry in the UK and its consumers. Artificially imposing additional entry costs on a proposed new scheme will not help to improve this position.

We realise that the proposed interim measures to allow entry capacity to be allocated to our scheme (and others) do involve compromises at this point, and that this entire process needs a radical overhaul (which should take account of the true value of storage) but we believe that Ofgem should be making every effort to help projects like this. The 3 issues highlighted above can be usefully accommodated within the interim fix proposed, to help keep this project on track. With a full review of this process just over the horizon I don't believe that trying your best to set a more correct UCA for Burton Agnes will cause a problem for other users at this point.

Your help will be appreciated here. The current proposal artificially loads the Caythorpe project with £8m of general system entry costs when we all know that no specific NTS reinforcement work will be triggered by this project.

Regards

Mark Petterson
Director
Wrwick Energy Limited