

Marathon Oil UK Ltd
Capital house
25 Chapel Street
London
NW1 5DQ

11th November 2005

Office of Gas and Electricity Markets
9 Millbank
London
Attention: Sonia Brown - Director, Markets

Dear Ms Brown,

UNC Mod Proposal 006 '3rd Party Proposal: Publication of Near Real Time Data at UK Sub Terminals

Please find below our response to your letter of 24th October on the above subject.

Please also refer to our letter dated 25th June 2005 which was sent as our original response to UNC Mod Proposal 006.

In our conclusion to that letter, we made the point that it was too early to properly evaluate the outcome from the DTI Initiative, and although four months have elapsed, we remain of the view that a full gas year has to be assessed before any conclusions can be accurately drawn. In particular, an assessment which includes the winter period is necessary and prudent.

We also commented on our concern over commercial issues, which have not, in our view, been adequately addressed. These are liability for erroneous data being published; commercial sensitivity of data being published which could leave a supplier such as Marathon exposed and vulnerable to extreme pricing; the issue of confidentiality breach in

relation to existing agreements, which could arise where related data relating is published to the wider community.

We are concerned that there appears to be an over emphasis on capturing and publishing supply side data only. Ofgem should be as concerned to ensure disclosure of demand data, including large end user demand changes, as they are with inputs at the terminals. National Grid Gas (NGG) publish line pack updates hourly and demand is a key component of this information, which most people would agree has a significant effect on prompt gas prices.

We would like to add that, in our view, the recently proposed UNC Mod 0062 - 'Introduction of a Gas Balancing Alert' will add to the relevant information available to market participants in a positive way. It will reflect the aggregate system position at critical time rather than that of entry points in isolation. This should provide a more accurate indication of what is actually happening in terms of supply and demand, enabling market participants to take action based on firm information rather than forming conclusions based on only part of the picture.

Yours Sincerely,

M J Ash
Manager Energy Sales and Trading

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