INEOS Chlor

INEOS Chlor Limited
Runcorn Site HQ
South Parade
PO Box 9
Runcorn, Cheshire
WA7 4JE

Tel: +44 (0) 1928 561111
www.ineoschlor.com

Ms S Brown – Director, Wholesale Markets
OFGEM
9 Millbank
London
SW1P 36E

Our Ref:	**Direct Line:**	**Date:**
ACM/JM	01928-517660	24 Feb 06

Dear Sonia

Subject: UNC 006 - Impact Assessment Reference 22/06

I refer to the above document published by OFGEM on 3rd February 2006.

INEOS Chlor has consistently supported this modification and I am pleased to note that OFGEM are now "minded" to approve implementation.

I can confirm that we continue to support this and it is our view that implementation by 1st October 2006 is essential i.e. ahead of winter.

Firstly, as a general observation and as already discussed with Hannah Cook, your initial press release on this paper suggested that "by field" analysis will be able to be carried out in "real time". This is actually not the case (which Hannah has now agreed with) as the data only covers sub-terminals above the de-minimus level. I think this provision is particularly important in addressing the concerns put forward by some of the parties with reservations on the proposal.

You have asked for responses to a number of questions. I would make the following specific responses to these:-

Has OFGEM Undertaken the appropriate analysis?

It is our view that OFGEM have undertaken an appropriate analysis – both in terms of the areas covered and the depth of this analysis.

Is there any additional analysis that would have been appropriate?

We would consider that there is no need for any further analysis. Given the results of the analysis to date and the need to reach an early conclusion with implementation ahead of the coming winter, it is essential that this modification is progressed as a matter of urgency.

Do you think the assumptions used in the modeling were contract?

We consider these to be reasonable.

Are the benefits obtained from the modeling analysis reasonable?

We would conclude they are and may well be conservative.

Was there value in carrying out the January Consultation?

Yes, if it has served to make the case better, although we were of the view the case was already compelling. Our concern would be that this consultation may ultimately have delayed implementation.

Are NGG NTS's cost estimates reasonable?

We consider it is hard to assess this and we look to OFGEM to ensure that implementation is carried out in a timely and efficient manner. That said, the benefits clearly outweigh the costs. Further, we note it is important to ensure NGG are allowed to implement a project with a "user friendly" interface.

Has OFGEM reached the correct conclusions regarding NGG NTS's cost estimates?

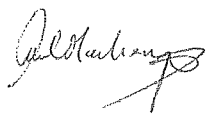
No comment to make.

Do you agree with OFGEM's overall conclusions regarding the costs, benefits and associated risks?

Yes and we urge OFGEM to progress early implementation.

Please let me know if you require any further information or require any further clarification.

Yours sincerely



Andrew Mackenzie
Gas Purchasing Manager