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12<sup>th</sup> May 2006

Dear David,

**Re: Proposed Incentive Arrangements for the Provision of NTS Entry Capacity at  
Milford Haven**

Thank you for the opportunity to comment on the above consultation document.

STUK have been involved in the development of the current Transmission Price Control Review. We welcome incentive arrangements being developed for Milford Haven to ensure the timely delivery of entry capacity to ensure security of supply and aid the promotion of effective competition.

STUK are in support of the principles identified in the April-06 consultation document, and believe that the incentives placed on NG NTS with regard to the provision of NTS Entry capacity at Milford Haven, should encourage NG NTS to delivery capacity on time and also appropriately compensate those shippers that have purchased capacity that NG NTS fail to deliver.

STUK agree that the incentive to deliver the capacity would be strengthened if NG NTS were liable for a higher level of costs in the event of delivery being delayed. The proposal to introduce a series of monthly caps to prevent the incentive scheme becoming exhausted by high buyback costs is welcomed. STUK agree that the introduction of a series of monthly caps that place higher incentives on NG NTS to invest in entry capacity earlier would encourage timely delivery of capacity and also appropriately compensate shippers who had purchased capacity that was not delivered on time, and continue to encourage completion of the project should NG NTS wholly miss the deadline.

STUK do however, have some sympathy if delays in investment are caused by factors outside of NG NTS control. Delaying the start of the incentives if there are delays to planning consents and adverse weather seems appropriate but, the industry would require some assurance that in these instances the delays were not caused in anyway by NG NTS (eg. NG NTS providing a poor quality EIA), as the delays are equally not under the control of



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the shippers who will potentially bear the risk of the late release of entry capacity if the introduction of the buyback incentives are delayed.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely,

Shelley Rouse  
Regulatory Affairs Advisor

\* Please note that due to electronic transfer this letter has not been signed



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