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Robert Hull
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17 July 2006

Dear Robert,

Proposal to change Standard Special Condition A5 of the gas transporter's licence

You have invited comments on the open letter dated 31 May 2006 which proposed to modify SSC A5 of the gas transporter's licence. The modification would be to provide scope for the time period for the Authority to take a decision on a proposed change to the basis for use of system charges, to be extended to three months in circumstances where Ofgem deems it necessary to undertake a consultation.

You will appreciate that the period (currently 28 days) while Ofgem are considering a proposal to change the charging methodology, represents a period of uncertainty for DNs and shippers. Extending this period of uncertainty should be avoided if at all possible. In practise, Ofgem are already able to consider any proposal from the time it is first published to shippers until the end of Ofgem's 28 days consideration time. Given that the shippers have 28 days to consider a proposal, then the transporter (or the Joint Office) has to write a consultation report and submit it to Ofgem, then Ofgem have 28 days to consider the report, in total this will normally give Ofgem close to 3 months already.

Nevertheless, should Ofgem decide to go ahead with a modification to SSC A5, it is our view that this should be on the basis that the default period remains at 28 days and that justification should be provided for each extension to three months i.e. a requirement for Ofgem to consult.

If I can be of any further help, please call.

Yours sincerely,

Paul Hemsley
Regulation Manager