

Robert Hull
Director - Transmission
Office of Gas and Electricity Markets
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October 2006

Dear Robert,

Transmission Price Control Review 2007 – 2012: Updated Proposals

TOTAL E&P UK PLC would like to offer the following comments following the publication of the above mentioned document in September.

Our views are limited to the Entry Capacity regime.

Regarding Baselines, we support the idea of retaining the concept of entry point baselines. We welcome the fact that baselines have now been set so that no baseline is lower than the amount of obligated capacity that NGG NTS has already sold in respect of that entry point.

We would like to refer to point 10.10 of the Main Document where Ofgem mentions the current auctioning regime and the 20 per cent withheld baseline capacity. Ofgem then suggests reducing the proportion of capacity that is held back to 10 per cent, with the view of removing the concept completely in the next price control review.

It is not clear from the document if Ofgem intends to introduce the new 10 per cent held back capacity for future auctions (that is for years where capacity has not yet been offered ie: 2023 onwards) or if this will also apply to years where the QSEC Auctions has already taken place, with 80 % of baseline being offered and 20% being withheld for future auctions.

We would like to reiterate our view that when an auction has taken place under a certain regime, that regime has to be respected into the future. The 20% that was withheld in a passed auction has to be offered subsequently, and any change should apply only to future auctions. We also believe that the 20% should be based on the original baseline values and not on any subsequent changes. To alter such an important part of the current system, just four years after it was put in place could damage the confidence on any future regime.



Regarding the flexibility to substitute entry capacity from one entry point to another in the same area, we believe questions still remain as to how this new system could impact other processes, such as entry capacity buy-backs. The situation could arise where NG decides to substitute capacity from one entry point to another and then incurs in significant buy-back costs at the first location. What responsibility would NG have in such a case?

On the topic of Historic Capital Expenditure, we do not agree with Ofgem's proposed options. We still believe that at the time National Grid had to make the investment decisions that now are being questioned, there was enough evidence to support the increase of entry capacity at St. Fergus.

Overall we believe that the need for the modifications proposed to the current regime has not yet been properly justified. We trust our comments will be given due consideration and we look forward to your December document.

Yours sincerely,

Bruno Seilhan
Commercial Operations Manager
Total E&P UK PLC

[NOT SIGNED AS SENT ELECTRONICALLY]

