

Ms Indra Thillainathan
Gas Distribution
Ofgem
9 Millbank
London
SW1P 3GE

7th February 2007

Dear Ms Thillainathan

Re: New Entry arrangements for connecting to the gas distribution network – Decision Document

INEOS Enterprises would like to take the opportunity to make the following comments on Ofgem's decision document for licence drafting of long-term arrangements for GDN entry points.

In general, we welcome and agree with the proposals set out in the decision document as we believe they are consistent with the arrangements put in place to support the interface with the Holford 165 facility and are, in the main, consistent with the views expressed by the respondents to the consultation process.

However, there are two areas where we continue to have concern;

1. For a commercially operated storage facility embedded within a DN to be financially viable it requires access to trade at the NBP. To provide greater contractual protection, we believe this should be a licensing matter rather than an UNC one.
2. Ofgem has agreed that DNOs should be required to offer the maximum available capacity on the system but it would appear that it is not required to provide that level of capacity on any particular day. In addition, we believe that whilst Ofgem recognises that the parties should be able to agree compensation mechanisms in the event that the capacity is not delivered, the licence should also require the DNO to reveal to the user the methodology used in determining the maximum available capacity. Recognising that the available capacity is likely to change with time, it should also be reasonable to expect the DNO, on request and for an appropriate fee, to provide a re-evaluation of the maximum available capacity.

We hope you find these comments helpful but if you have any questions or wish to discuss them further, please contact either myself on 01928 516562, or Nick Wye on 01295 750099.

Yours sincerely



David Dykes
Brine & Water Business Development Manager

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