

Mr Mark Feather,
Associate Director,
Industry Codes and Licensing
Ofgem,
9 Millbank,
London,
SW1P 3GE.

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Bord Gais Energy Supply Comments - National Grid Gas – Off-take Arrangements Final Impact Assessment on modifications proposals

Dear Mark

We welcome the opportunity to respond to this Impact Assessment.

We note that from the outset of this document under “*Assessment of Proposals*” the following statement “*It is important to note that there considerable uncertainties associated with measuring these benefits. By contrast the costs of reform are more directly measurable. It is therefore important not to give undue weight to the quantitative analysis in this document.*”

This statement alone would suggest that the benefits proposed are in this assessment cannot be trusted and irrespective of the result are only fictional and may never materialise. In contrast, the costs being proposed will be incurred. If this is the case then the decision should be based on costs and costs only, meaning Mod 0116A is the only and most appropriate modification.

Questions

Chapter 2. Background

1. We believe the process should have incorporated EU Directive EC/1775 and all the product proposals which are required in this said Directive. We also note the process has decided to ignore the cost implications of Shippers downstream of Moffat. This is a disappointment as Shippers downstream of Moffat represent over 4% of UK demand and are an offtake user like any other on the UK system. Moffat will have these rules applied like any other end user and therefore the incremental costs inputted are legitimate costs and should be included.

Chapter 3. Quantitative analysis of benefits and costs

2. From the opening summary of this document and as highlighted in our introduction Ofgem state that the benefit figures are not to be trusted, therefore this can only lead us to conclude that the benefit figures suggested in this document are unreliable and are effectively have little or no meaning. On this basis only the costs in this analysis have some reliability although we question this as this analysis has purposely excluded costs most notably costs of other jurisdictions affected by these proposals. This selective process suggests the figures are weighted towards the desired answer. On this basis we do not place any reliance of this quantitative analysis of either the costs or especially the benefits and therefore are supportive of Mod 116A i.e. maintenance of the status quo. In addition, Ofgem do not identify costs to maintenance of the status quo and so have failed to provide a quantitative analysis to support the view that the status quo is “sub-optimal” or has excessive cost implications.

In summary we are not convinced on the merit of changes to the current exit arrangements, and this Impact Assessment only further reinforces our belief that the current regime should remain.

Yours sincerely

Brian O' Shea
Contract, Supply and
Operations Manager

Sent by e-mail to;
Andrew.macfaul@ofgem.gov.uk
Cc; mark.feather@ofgem.gov.uk