



px (TGPP) Limited

px House
Westpoint Road
Stockton-on-Tees
TS17 6BF
Tel: 01642 623000
Fax: 01642 634145

Richard Miller
Manager, Gas Transmission Policy
Ofgem
70 West Regent Street
Glasgow
G2 2QZ

3 April 2007

Ref: Charging arrangements associated with methodologies for determination of NTS entry and exit capacity prices

Dear Richard

We would like to express our disappointment regarding the Ofgem decision on the revised baselines which have now been incorporated into the National Grid Gas Licence despite the objections presented by several parties including ourselves. The consequence of the 52% reduction in Teesside baselines is likely to have a significant impact on the business decisions of the customers of the Teesside Gas Processing Plant (TGPP) and could result in TGPP being unable to contribute fully to meeting peak UK demand requirements.

The charging arrangements impact assessment shows an indicative increase in the costs of entry capacity of 230% and when coupled with the reduction in baselines, may impact upon the economics and future development of fields connected to the CATS infrastructure. We believe that the proposed Transportation Model and the management thereof may be too simplistic and hence requires further consultation before implementation.

In conclusion, we remain dissatisfied with the final baselines for System Entry Capacity at Teesside and believe that the currently proposed Transportation Model may have a detrimental effect upon the business decisions of users of the TGPP with a serious consequential impact on national security of supply.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Harrison', with a long, sweeping horizontal line extending to the right.

Colin Harrison
Manager, Trading and Commercial Operations

Registered in England
Reg. No. 4416996
Registered Office:
px House
Westpoint Road
Stockton-on-Tees
TS17 6BF