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Gas Division**

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Ayesha Uvais – Gas Distribution
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Friday, 19 October 2007

Dear Ayesha

Gas Distribution Price Control Review (GDPCR) – Initial Licence Consultation

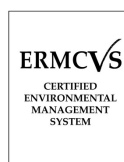
Thank you for the opportunity to comment on the above consultation. Statoil (UK) Ltd (STUK) is responsible for the marketing supplies of its parent company's Norwegian equity gas and the Norwegian State's equity gas in the UK market. As we import gas into the UK and maintain a supply portfolio we are directly affected by changes to the Gas Distribution Price Control Review. Please find below our comments to Ofgem's Gas Distribution Price Control Review (GDPCR) – Initial Licence Consultation.

Agency Services**Principle of Core plus User Pays**

STUK believes the principle of user pays services has yet to be proven and that it would be far more prudent to conduct a greater degree of analysis into a more detailed user pays proposal to consider the long term affects of these changes.

Proposals for a new governance regime are not yet formed and some significant issues regarding data ownership, IPR, restrictive and unfair practice, inefficient investment, costs, payment and credit and market influence have yet to be addressed. If these issues are not addressed then these would represent a considerable risk to all users of the user-pays services who in many cases will have no choice of alternate service provider. STUK therefore disagree with changing the Gas Transporters Licence condition SSC A15 to implement a user pays principle.

SSC A15 was put in place by Ofgem in response to concerns raised by Shippers and consumers that following the sale of the Independent Gas Networks by National Grid that



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fragmentation of systems and processes could increase costs. STUK strongly believe that for any change to this licence condition to be acceptable this principle should not be broken.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours faithfully

Richard Street*
Statoil (UK) Ltd

**Please note as this letter has been delivered electronically this letter is unsigned*



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