



31 August 2007

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Dear Indra

**By Email and Post**

**Response to: "Proposal to modify Standard Special licence conditions A4, A5 and D11 of the Gas Transporter licence"**

This letter is written on behalf of GTC Pipelines Limited (GPL) a subsidiary of GTC in response to Ofgem's proposals document of 20 July 2007.

In principle the two proposals put forward in Ofgem's proposals document, namely that DNs have reasonable endeavours obligations to:

- update distribution charges twice a year on 1 April and 1 October or at any other time as directed by the Authority; and
- provide the Authority with indicative charges 3 months prior to updating the level of distribution charges,

appear to make sense although we have some concern over the impact that such change will have on the position of IGT's allowed revenues under RPC.

In order to ensure no detriment to IGT's, we propose that if this modification is to be approved, that at the same time a modification be introduced to RPC to allow IGT's to change tariffs twice per year also, to ensure RPC charges remain in line with the charges of GDN's.

Ofgem do not appear to have published a regulatory impact assessment on the effect (if any) that such changes will have on IGTs. We need to be satisfied that the proposals as written, are not to the detriment of the position of IGTs' under RPC. We have tried to contact you this week but understand that you are on leave. Therefore, we will contact you next week to discuss our concerns.

Until we can gain comfort in respect of our concerns noted above, we hereby formally object to the proposals.

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Additionally, we believe that the DNS' obligation to give two months notice of definitive charges should remain i.e. 1 August for 1 October changes, and 1 February for 1 April changes. As an IGT we rely heavily on the availability of detailed price plans 2 months ahead of implementation. Any shortening of that time frame may impact our ability to quote with confidence.

Yours sincerely



Clive Linsdell  
**Managing Director**  
**GTC**