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Gas Division**

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Email: joanna.whittington@ofgem.gov.uk

Friday, 31 August 2007

Dear Joanna,

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

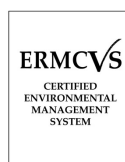
Thank you for the opportunity to comment on the above modification proposal. Statoil (UK) Ltd (STUK) is not in support of this modification and would like to make the following comments.

During the Distribution Network sale it was highlighted to be of prime importance to gas consumers to have stable and predictable charges. The decision was therefore taken to limit the opportunity Gas Transporters had to alter charges to twice a year. STUK recognises that a balance needs to be sought between cost-reflectivity and stability. We believe that the current regime adequately reflects that balance.

Work has been progressing through the Distribution Charging Methodology Forum and Review Group 162 to consider methods of reducing the variability and increasing the predictability of Gas Transportation charges. It is clear that the intent of the measures proposed by the industry is to reduce the likelihood of Gas Transportation charges changing and to ensure that the variability of charges is reduced where possible. These measures should help meet end users requirements to have a greater degree of certainty and stability in the prices they pay.

In light of these developments and the recent consultation on DNPC03 which should help reduce the variability in charges it is STUKs view that Ofgems proposal to modify Standard Special licence conditions A4, A5 and D11 of the Gas Transporter licence should be reconsidered.

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.



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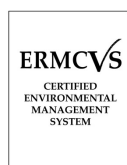


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Yours faithfully

Richard Street*
Statoil (UK) Ltd

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



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