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Dear Jon,

Re: Code Governance Review: Role of code administrators and small participant/consumer initiatives – Initial Proposals

Thank you for the opportunity to comment on the above consultation.

STUK recognises that the UK gas market has, in recent years, undergone significant change and with the increasing emphasis on sustainable development, climate change and security of supply, is entering a period of further reform. It does not however believe that the concerns around the ability of the current gas code governance arrangements to manage such change, warrant significant restructuring of the way in which the code is administered.

STUK are on the whole satisfied with the performance of The Joint Office of Gas Transporters (JO) and believe that they, in addition to their secretariat function, fulfil many of the functions described in the consultation document that facilitate the role of a critical friend. The chair of the UNC panel and those of the working groups where appropriate, assist in developing terms of reference put forward by the panel, play 'devils advocate' to test the appropriateness of suggested changes and help to ensure that the views of all industry groups are represented.

STUK do not support Ofgem's view that consumer representatives should have at least one voting right on the UNC panel. The UNC is a contract between shippers and transporters and it is therefore inappropriate that consumers have the ability to amend the terms on that contract, particularly as the current formation of the UNC panel could result in the consumer vote having the power to place the 'casting vote' for proposals which are split in support between the shippers and transporters.

Similarly STUK do not believe that it is appropriate for the panel chair to be afforded the right to vote on the UNC panel. The chair should remain independent from the voting process and use its knowledge of the relevant industry to ensure that proposals are fully developed and defined (as per the current UNC panel structure) before being subjected to panel vote.

STUK do not believe that there are sufficient concerns with the current arrangements to the level of change proposed in this review and believe that many of the benefits and efficiencies proposed could be achieved with minor enhancements to the current service. STUK is also concerned that the potentially

significant costs involved with implementing the outcomes proposed would far outweigh the benefits achieved.

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 sincerely

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Shelley Rouse
UK Regulatory Affairs Advisor
Statoil (UK) Ltd

* note that due to electronic transfer this letter has not been signed