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Anjali Mehta, Senior Economist,
Ofgem
9 Millbank
London
SW1P 3GE
E-mail: gb.markets@ofgem.gov.uk

Compressor Station
Brighthouse Bay
Kirkcudbright
DG6 4TR
Scotland

T 01557 870349
F 01557 870292
Agent
T +353 21 453 4230
F +353 21 453 4387

Dear Anjali,

Gas Security of Supply Significant Code Review – Updated Proposed Final Decision

Following a review of the 23rd July 2013 Gas Security of Supply Significant Code Review publications and discussions with Gaslink, BGE (UK) welcome this opportunity, as holder of an interconnector licence from Ofgem (for the interconnector at Moffat) to comment on the proposed treatment of interconnectors under the proposals and the degree of consultation on this issue.

Treatment of interconnectors

Under the current proposals, interconnectors would not be included in arrangements for DSR payments in respect of involuntary interruption. We are concerned that the exclusion from proposed arrangements would be unduly discriminatory and could create a cross-subsidy, thereby unduly distorting competition in contravention of the requirements of Regulation 994/2010.

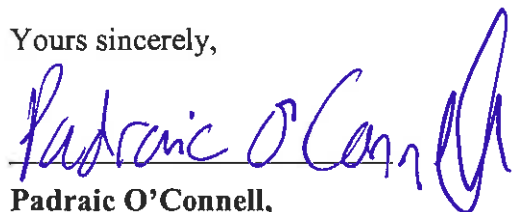
Insufficient consultation

We are concerned that the specific issue of the treatment of interconnectors has received insufficient consultation. In particular with respect to the BGE (UK) pipeline which is unique in GB in comprising an interconnector facility through which gas can only presently physically flow in export mode from GB (albeit there is a provision for virtual reverse flow).

We request that Ofgem give more detailed consideration to the issues surrounding the treatment of interconnectors.

In this regard we would value an opportunity to meet and discuss these issues further with Ofgem. I look forward to hearing from you at your convenience.

Yours sincerely,



Padraic O'Connell,
Head of Markets & Regulation,
BGE (UK).