

Jan Gascoigne
Regulatory Frameworks
National Grid House
Gallows Hill
Warwick CV34 6DA

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**NTSE GCM 06:
Further revision to obligated NTS entry Capacity Reserve price determination**

Dear Jan,

Total E&P Ltd. welcomes the opportunity to respond to this consultation. Ofgem's letter dated April 24th 2007 highlights the importance and benefits of including spare capacity in the model used to determine entry capacity reserve prices, a view that we strongly support.

We have made it clear in previous consultations that failing to do so could act as a barrier to the development of marginal fields and import projects; it could lead to underutilization of some parts of National Grid infrastructure as well as unnecessary investment in other parts of the network.

We believe that National Grid's revised model is a step in the right direction, as it would result in lower prices at entry points where flows are decreasing, which would promote an efficient use of the National Transmission system. Despite this we are not certain we fully understand how the new model would work, which is crucial as one of the main drivers for the move from the Transcost to the Transportation model was to bring clarity and predictability to shippers. We would welcome more information on the way costs are allocated at the entry points and on how exactly the existence or not of spare capacity can affect reserve prices when it is not fully included in the revised model.

Yours Sincerely,

Total E&P UK

Bruno Seilhan
Commercial Operations Manager
Total E&P UK Ltd.

(This letter was sent electronically and therefore it has not been signed)

