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Gas Division**

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Eddie Blackburn  
Regulatory Frameworks  
National Grid House  
Warwick Technology House  
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CV34 6DA

17 September 2007

Dear Eddie

**Re: NTS GCM 09: TO Over Recovery Mechanism**

Statoil (UK) Limited (STUK) supports this proposal as an incremental approach to resolve issues of over-recovery, ahead of this winter. STUK agrees with National Grid Gas (NGG) NTS that the proposed changes to the Gas Transmission Transportation Methodology meet NGG's relevant GT licence objectives, as specified in the consultation document.

Revising the trigger level by linking it directly to NGG NTS's licence obligation and triggering the process at any point during the formula year will result in more efficient allocation of credits paid to Users, associated with over-recovery. Making the full recovery amount available in the first month, rather than by dividing it by the number of remaining months and calculating credits in relation to any buy-back costs incurred earlier within the year should increase the likelihood of credits being paid.

STUK recognises that this proposal may not, in practice, redistribute the full over recovery amount as buy-back costs may be less than the over-recovery amount. STUK, therefore, looks forward to discussing further, potential additional steps for addressing over-recovery.

Please do not hesitate to contact me if you wish to discuss any of the above.

Yours sincerely

Christiane Sykes  
UK Regulatory Affairs Manager  
Statoil (UK) Ltd

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