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Eddie Blackburn,
Regulatory Frameworks,
National Grid,
National Grid House,
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Warwick,
CV34 6DA.

Consultation on GCM10 - TO
Entry Commodity Rebate
Mechanism

Dear Eddie,

ExxonMobil Gas Marketing Europe Ltd thanks you for the opportunity to comment on the proposed Gas Charging Methodology mechanism, GCM10, designed to manage over-recovery of TO revenue.

ExxonMobil supports GCM10 but would like to make the following comments; we support the first two trigger mechanisms but do not support the third trigger which allows credits to be paid only when the residual over recovery is in excess of £1m. Whilst we believe that it is sensible to have a threshold below which payments would not be made, we believe this limit is too high and we would therefore ask National Grid to reconsider this point.

With regard to the two additional discussion questions, ExxonMobil is generally in support of stable and predictable pricing and we do not think it is appropriate to set the commodity price to zero for the period April to September. We understand that the nature of the capacity auction process makes the prediction of TO capacity revenues difficult and consequently makes it hard to set the appropriate TO commodity charge on an annual basis. By setting the commodity charge twice a year (April & October) National Grid should be better able to forecast the appropriate recovery level. A symmetrical methodology for over or under recovery would be easier to understand and might help to smooth out the fluctuations in the commodity rate.

If you have any questions regarding this response, please do not hesitate to contact me.

Yours sincerely

Joy Chadwick

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