



Eddie Blackburn
Senior Commercial Analyst
National Grid House
Warwick Technology Park
Warwick, CV34 6DA

Direct line: 020 7257 0132

amrik.bal@shell.com

via e-mail: eddie.j.blackburn@uk.ngrid.com

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Dear Eddie

RE: GCM 10 'TO Entry Commodity Rebate Mechanism'

Thank you for the opportunity to respond to the above. Shell Gas Direct (SGD) Ltd, the holder of both gas supplier (non-domestic) and shipper licences, offers the following brief comments. Please note that this response is not confidential and so may be placed on your website.

For the avoidance of doubt, SGD is in support of the introduction of GCM10. In summary, the reasons for this view are as follows:

- SGD considers it important that costs and revenues are targeted and allocated as accurately as possible as, in broad terms, this would normally be argued to be good for competition;
- In this particular instance, GCM10 should be supported as it would limit the redistribution of excess auction revenues to the relevant parties, ie. those who have participated in the entry capacity auctions; and, as such
- GCM10 should help promote competition between shippers.

SGD would also argue that given the impact of GCM10 on the subsequent accuracy and appropriateness of the TO Entry Commodity Charge, it is in line with NGG's licence objectives to have charges reflective of costs incurred in its transportation business.

I hope you have found these comments helpful.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Amrik Bal', is located below the 'Yours sincerely' text.

Amrik Bal
UK Regulatory Affairs Manager, Shell Energy Europe