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Wednesday, 21 November 2007

Dear Eddie,

GCM 10: TO Entry Commodity Rebate Mechanism

Thank you for the opportunity to comment on the above consultation. Statoil (UK) Ltd (STUK) is responsible for the marketing supplies of its parent company's Norwegian equity gas and the Norwegian State's equity gas in the UK market. As we import gas into the UK through a number of entry points we are directly affected by changes to the transportation charges for National Grids Transmission Network. Please find below our comments to GCM 10: TO Entry Commodity Rebate Mechanism.

STUK support the introduction of GCM10. STUK agrees with National Grid Gas (NGG) NTS that the proposed changes to the Gas Transmission Transportation Methodology meet NGG's licence objectives to reflect the costs incurred in its transportation business. The rebate mechanism will ensure that the level of TO Entry Commodity charge levied on a shippers business more accurately reflects the level of recovery achieved by the Transporter through the entry capacity auction process.

If GCM10 is not introduced then any over recovery in the entry capacity auctions that is not captured by the GCM09 process would be captured by the general smearing mechanism. As this is not targeted the net effect would be the misallocation of costs between shippers active upstream and downstream of the NBP. It could be argued therefore that GCM10 furthers the objective of securing effective competition between shippers.



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STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours faithfully
Richard Street*
Statoil (UK) Ltd

**Please note as this letter has been delivered electronically this letter is unsigned*



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