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8 September 2008

NTS GCM 12 Retrospective negative TO entry commodity charge and separate management of K

ConocoPhillips (U.K.) Limited (CoP) welcomes the opportunity to respond to this consultation and supports the implementation of NTS GCM12.

CoP notes that the proposal represents a variation to the GCM11 proposal, which CoP supported, which was vetoed by the Authority on the grounds that it was non-symmetric in its treatment of over and under recovery for entry and exit which might lead to a cross subsidy of entry users by exit users. The difference in the new proposal is the introduction of a mechanism to separate management of the under/over-recovery term K and the movement of the implementation date from 31 March 2008 to 1 April 2009 for the 2009-10 formula year.

We reiterate our support for the elements of the proposal carried forward from GCM11, namely the proposed trigger mechanism and the proposed mechanism for managing any residual TO entry revenue, as set out in our letter dated 5 December.

We are also content with the revised implementation date.

We support the proposal to split the K term into separate entry and exit components and the rules that will ensure that the sum of the two components will equal the licence K calculation. This should remove the risk of exit users cross-subsidising entry users.

Please let me know if you require any clarification of these points or further comment.

Kirsten Elliott-Smith