



17th June 2008

Andrew Fox
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Dear Andrew

BG Gas Services Limited Response to Consultation on "Incremental Entry Capacity Release Methodology Statement 2008"

BG Gas Services Limited ("BG") welcomes the opportunity to comment on National Grid's ("NG") proposed changes to the Incremental Entry Capacity Release Statement ("IECR"). Overall the draft statement is a clear explanation of the way in which NG will release incremental entry capacity. The new table in Paragraph 11 and the accompanying explanation are helpful in understanding how the UK entry capacity regime is changing.

As a minor point it would be helpful that where possible you could include references to specific licence conditions to aid understanding of NG's obligations. I note you have done this in a number of places which is appreciated. It would also be helpful if there were a consolidated version of NG's Licence, along with a brief overview of the structure of the licence, publicly available. However I realise this latter issue is as much a point for the regulator to consider, as for NG.

In Paragraph 47 you explain that NG is "incentivised to take on its contractual obligation (to release incremental entry capacity) earlier." The timing of release of non obligated entry capacity is explained further in paragraphs 57 to 62 inclusive. In Paragraph 59 you explain that NG may accelerate release of non obligated entry capacity subject to satisfactory assessment by NG of the associated risks and rewards. It would be helpful if you could explain more about the incentives on NG and the risks and rewards that NG would assess. A reference to the Licence Conditions containing the incentives would also be helpful.

As you know BG continues to have serious reservations about the way in which Substitution will be implemented. The IECR statement is clear as to how Substitution fits into the overall scheme of entry capacity, which is helpful. However we reserve judgement on Substitution itself until we have seen the draft Entry Capacity Substitution Methodology Statement.

I hope the above is useful. Should you have any queries please contact me at the address above.

Yours sincerely,

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