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Ms. Debra Hawkin
Regulatory Frameworks
National Grid
NG House
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21st February 2008

Dear Debra,

Re: Discussion Document NTS GCD05: "Options for a SO Commodity Charge for NTS Storage Facilities"

Star Energy ("Star") wishes to submit the following in response to the above pricing discussion document.

Star is a member of the Gas Storage Operators Group and is a signatory to the response submitted by this organization.

Star does not believe that a SO Commodity Charge should be applied to those Users who flow gas into or out of NTS Storage Facilities.

In our opinion there is little justification for the application of this charge which if applied at the rates proposed by National Grid will have almost no impact on the rate of the Standard SO Commodity Charge. As far as Star is concerned we are not aware of any compelling reasons to consider the application of a Charge, in fact, we believe that there are number of convincing arguments as to why a Charge should not be imposed;

- There is no apparent market failure or detrimental impact on competition within the current charging regime;
- The introduction of a Charge will have a detrimental impact on Storage Users who multi-cycle storage gas;
- The Charge as detailed in the Discussion Paper seeks to recover apparent Fixed Costs through a Variable Charge. This will mean that the Charge will not be cost reflective, will be detrimental to competition and will discriminate against Storage Users. As stated previously, those Storage Users which multi-cycle will incur excessive charges and as a result may limit cycling activities. Such an outcome would not be beneficial to the UK Gas Market;

- The introduction of a charge will not realize any benefits for those Users which incur the Standard SO Commodity Charge;
- The Charge will increase the cost of utilizing storage which will lead to increased costs for customers;
- An additional Charge will add further complexity and administrative costs for the industry which will ultimately be borne by customers.

Star does not wish to comment on the individual questions posed in the Discussion Document as we do not believe that a case has been made to allow for the application of such a charge.

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely



Roger Pearson

M.D. Gas Storage Division