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Jan Gascoigne  
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23 March 2007

Dear Julian,

**Re: GCM 04: Introduction of NTS Exit (Flexibility) Capacity Charges under the enduring offtake arrangements**

Statoil UK (STUK) continues to believe that there is insufficient justification for fundamental reform of the NTS exit regime, however, we would like to offer the following comments, to inform the consultation process.

In the event that UNC Modification Proposal 0116V, 0116BV or 0116VD is implemented, STUK agrees that a zero reserve price should be applied for all NTS Exit (Flexibility) Capacity at all NTS Exit Zones for the annual and daily auctions and for NTS Exit (Flexibility) Capacity, obtained through the daily Offtake Profile Notice process.

STUK agrees with the sentiment in Appendix A that a flexibility commodity charge may not be required and the approach to monitor whether there is a significant change in behaviour, prior to introducing any such charge, appears to be a sensible way forward. It naturally follows that such an approach might also be applied, prior to introducing NTS Exit (Flexibility) Capacity, as suggested in Modification Proposal 0116 CVV.

With respect to implementation, it seems appropriate that consideration ought to be given to delaying implementation of UNC Modification Proposal 0116V, 0116BV or 0116VD, alongside any associated changes to the charging methodology, to ensure consistency in implementation of DN interruption reform and NTS Exit Reform and to give stakeholders sufficient lead time to assess their flexibility requirements and to implement the appropriate systems to facilitate NTS Exit (Flexibility) Capacity booking.



ISO 14001 Certificate 156



ISO 9002 Certificate No. 34477

Please don not hesitate to contact me if you wish to discuss any of the above.

Yours sincerely

Christiane Sykes  
UK Regulatory Affairs Manager  
Statoil (UK) Ltd

\*Please not that due to electronic transfer this letter has not been signed.

