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July 2007

**Re: The Review of the “Incremental Entry Capacity Release (IECR) Methodology Statement” 2007 and Consultation on “The Entry Capacity Substitution Methodology Statement”.**

Dear Andrew,

At Total E&P UK Ltd. we appreciate the opportunity to respond to the abovementioned consultation.

We welcome the introduction of flexibility mechanisms which will ensure a more efficient use of the National Transmission System (NTS) and limit the existence of sterilized capacity. None the less, if the use of these mechanisms is too wide-spread, it could lead to instability and uncertainty as to how much capacity National Grid (NG) is obliged to release at each entry point with Transfers, Trades and Substitution being added to the existing range of entry capacity auctions throughout the year.

Of the four options that Table 1 of the Consultation proposes, we would support only Option 1, which is the current arrangement under the Incremental Entry Capacity Release Methodology (IECR). Substituting capacity away from one entry point would mean that the obligated capacity National Grid is obliged to release as baseline at that entry point is reduced for ever. This in itself can have such a significant impact on shippers and security of supply that it should be undertaken only if the signals are there to justify such an action, we believe that the action could be justified only if the economic test detailed in the IECR is passed.

Moreover we consider that when analysing for possible Substitutions National Grid should not only undertake an assessment of existing commercial commitments and risks, but also include information made available to them through the Transporting Britain's Energy Process (TBE) and any other relevant and credible information they might have. If not capacity might be moved away from an entry point where it would be subsequently needed. The Substitution IECR hints in this direction (Point 22, page 7) but more clarity would be welcomed.



With regards to the timing of this consultation, we believe that the Substitution Arrangements should be considered in parallel to the Transfer and Trade arrangements, as these should complement and be coherent with each other. As the enduring Trade and Transfer arrangements will not be discussed until April 2008, it seems hasty to implement any Substitution arrangements ahead of this winter. These issues are significant enough to merit a thorough consideration of the risks involved and we believe this has not been allowed.

Please do not hesitate to contact us if you require further information.

Yours Sincerely,

Iain McCombie  
Commercial Operations Manager  
Total E&P UK PLC  
*(This letter was sent electronically and therefore it has not been signed)*

