



May 30, 2007

Mr. Andrew Fox
NG House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

RE: Excelerate Energy's Response to Consultation on "The Entry Capacity Transfer and Trade Methodology Statement"

Dear Mr. Fox,

Excelerate Energy (Excelerate) appreciates the opportunity to comment on this methodology.

The key issue in the methodology relates to the change in risk as a result of capacity transfers. It appears from the proposed methodology (paragraphs 22 - 24) that any transfer of capacity from an entry point with spare capacity, such as St. Fergus, to a point that may require capacity, such as Glenmavis or Teesside, will lead to an increased risk of buy-back.

Following the recent AMSEC auction, it is clear that additional gas can flow into the NTS at Teesside and Glenmavis but that St. Fergus is now unlikely to see volumes approaching the 155 MCMD baseline.

There appears to be a fundamental flaw in the proposed methodology in that as St. Fergus flows decline (as National Grid is now forecasting that they will), the risk of buy-backs caused by additional flows at Glenmavis and Teesside would appear to cause an increase in aggregate level of risk. In effect, the capacity of the NTS North of Glenmavis will decline as the flows decline. Excelerate does not believe that this was the intention of the price control settlement.

To address this, Excelerate believes that the initial level of risk should be as estimated when baselines were being set which used TBE 2005 information. At that time, National Grid was forecasting possible flows of gas at St. Fergus in excess of the 155 MCMD baseline. If this were the case, then by transferring 1 MCMD of capacity to Glenmavis/Teesside, there would be a reduction in St. Fergus risk but an increase in Teesside risk. Given that Teesside is around 350 miles South of St. Fergus, it can also be argued that there is far less operational risk associated with Teesside as gas entering at Teesside is south of the main NTS compressors which carry greatest operational risk.

Therefore Excelerate does not support the Statement as currently drafted.

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Nodal Maximum

In addition, we would like to comment on the 'indicative Nodal maximum' for Teesside, which we understand is equal to 44 MCMD, the highest level of flow recorded at Teesside and significantly below the previous 'maximum physical entry capacity' of 70 MCMD. We believe that the Nodal max should be the 70 MCMD.

Once again, thank you for this opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "Rob Bryngelson".

Rob Bryngelson
Chief Operating Officer and Executive Vice President
Excelerate Energy