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Andrew Fox  
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1 June 2007

Dear Andrew

**Re: The Entry Capacity Transfer and Trade Methodology Statement**

Statoil (UK) Ltd (STUK) supports the principle of the associated modification proposals and this methodology statement, of maximising the amount of available capacity on the system; however, we are unable to support the proposed changes, at this stage.

As we have noted in our response to the modification proposals, regulatory certainty is key to establishing a stable environment, which encourages investment and allows existing Users to operate effectively. We do not believe that the modification proposals and the proposed methodology statement can achieve this, given the urgent process they are driven by and the ambiguity surrounding the, as yet unimplemented, licence changes.

There remains considerable uncertainty, within the Entry Capacity Transfer and Trade Methodology Statement for example, nodal maximums at all of the ASEPs remain unknown and inputs into the risk model are based on predictions of the supply / demand forecasts. This does not instil confidence that buy-back risk at donor ASEPs will not be increased.

As we have argued in our response to the modification proposals, which should be read in conjunction with this letter, given the significant uncertainty and potential risks of the proposed changes to facilitate the transfer and trade of capacity between ASEPs, we would strongly urge for a Regulatory Impact Assessment to be undertaken to assess the corresponding proposals, methodology and the licence changes, to give Users greater opportunity to fully understand the implications of the changes proposed.

Please do 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 note that due to electronic transfer this letter has not been signed.



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