

Dear Sir,

I apologise for the late submission of these comments, but this has been due to other priorities. I am commenting on the proposed sale of the LDZ'a (DN's) on behalf of Hydro Polymers Ltd, we are a chemical manufacturing company based in New ton Aycliffe, Co Durham employing approx 400 personnel and we compete across Europe. We use gas for both Process and CHP Plants and these supplies are on a Firm and Interruptible basis. Gas is a major cost to the company and therefore any changes in the method of distribution or costs can have a significant effect on our competitive position.

1) Reasons for sale of a DN

I can fully understand NGT's position on the sale of a DN, in that it would bring in a one off payment to the company, but cannot understand the OFGEM statement that it would benefit customers .The statement in the consultation document does not differentiate between industrial and domestic customers. We would only support such a move if it resulted in reduced gas prices to industry from the artificial high prices we are seeing at the present time.

2) NTS/DN Change

The paper discusses the possible split of responsibility for such items as exit/interruption regimes. The splitting of the system would introduce a complexity into what is now a simple regime. We would ask that Transco NTS is still responsible for the overall implementation of the interruptions, not just form a safety viewpoint but also from a cost benefit one. The proposals would seem to be a "Back Door" method of reintroducing the "All Firm Gas " policy which was suspended earlier in the year and which the Chemical Industry did not agree would benefit industrial users.

3) Gas balancing

Again, if the proposal is implemented then central control of any gas balancing system must be maintained to ensure safety across the network.

4) NGT'S Capital Investment Programme

The capital investment in the UK's gas infrastructure has always been a subject on contention, with the reduction of North Sea production forecast over the next few years, the UK will become a nett importer of gas. The present infrastructure needs investment to ensure the distribution of gas is improved, any reduction in NGT's capital base by selling off DN's must not be used as an excuse to reduce capital investment in the NTS, otherwise we shall see major problems occurring in the near future.

If you have nay questions on these comments please do not hesitate to contact me..

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