



px (TGPP) Limited

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16th March 2007

Robert Hull
Director – Transmission
Office of Gas and Electricity Markets
9 Millbank
London
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Dear Mr Hull

Re: Notice under section 23(3) of the Gas Act 1986

px (TGPP) Limited, the operator of the Teesside Gas Processing Plant located at Seal Sands, Teesside, wishes to register its objection to the reduction in NTS SO baseline entry capacity at Teesside from 70 MCMD down to 33 MCMD.

To date, no evidence has been provided showing that a risk of constraints within the Northern Zone, and specifically Teesside, exists. In fact historic flows over the last five years indicate a significant reduction in flows.

In addition, we believe that the methodology employed by Ofgem in relation to the baseline reduction was arbitrary and did not take into account other relevant factors. For example, had actual flows over the winter of 2006/07 and/or National Grid's forecast flows for 2007/08 been taken into account Teesside baseline capacity would have been greater.

We therefore request that Ofgem reconsider the decision to reduce the baseline capacity at Teesside in order to ensure a fair and transparent market place for all parties participating in the UK gas market.

Yours sincerely

Colin Harrison
Manager, Trading and Commercial Operations