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Julian Majdanski
UNC Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
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Dear Julian

Modification Proposal 0144 & 0144V

Thank you for providing Scottish and Southern Energy plc (SSE) with the opportunity to comment on the above Modification Proposal.

SSE is generally supportive of the underlying principles behind the above Mods; following Ofgem Best Practice Guidelines – lowering the amount of security that needs to be provided and reducing barriers to entry.

However, SSE is not supportive of the above Proposals. The proposals are based on taking account of charges that are invoiced but not yet due. Thus, they exclude exposure arising from charges yet to be invoiced.

By not including the full settlement exposure the credit risk is understated. This will lead to Users being under-secured and ultimately places additional burden on industry participants in the event of default.

We also believe that scenario analysis based on Winter/Summer seasonality should be undertaken to help determine an appropriate level of credit.

Yours sincerely

Jeff Chandler
Gas Strategy Manager
Energy Strategy