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27 March 2006

Julian Majdanski  
UNC Modification Panel Secretary  
Joint Office of Gas Transporters  
Ground Floor Red  
51 Homer Road  
Solihull  
B91 3QJ

Dear Julian

**Draft Modification Report 0048: Preparation of Legal Text for Users' Modification Proposals**

Thank you for providing Scottish and Southern Energy plc with the opportunity to comment on the above draft modification report.

As requested, we have structured our response to match the headings in the draft modification report.

**The Modification Proposal**

We agree that the proposed legal text is an important aspect of a Modification Proposal and therefore that there are considerable merits in consulting on it at the same time as the Proposal itself. Indeed, we consider that this approach would be beneficial to all parties, as it should ensure that it is clear exactly which parts of the UNC would be amended if a proposal were to be implemented. On occasions it is our experience that there has been inconsistency between what has been put forward in a modification proposal compared with the legal text provided with a Final Modification Report. This has altered parties' views on whether or not they would support implementation of a Modification Proposal.

We note that the intention is that the Transporters would arrange for the legal text to be issued with the Draft Modification Report unless the Panel determined otherwise, for example in circumstances where it considered that to prepare legal text would be uneconomic or inefficient. We presume that this would not preclude the proposer from providing legal text as part of the Modification Proposal itself which could be consulted upon as part of the Draft Modification Report.

**Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

We concur with the proposer that implementing this proposal would satisfy the relevant objective specified in Standard Special Condition A11.1 (f), namely the promotion of efficiency in the administration of the network code and/or the uniform network code. We also believe that it would satisfy the relevant objective specified in Standard Special Condition A11.2 through development of the mechanism by which any of the uniform network code and each of the network codes prepared by each relevant gas transporter may be modified. As stated above, we believe that making the legal text available at an earlier stage in the consultation process will make UNC governance more efficient and enable parties to comment on the actual intent of the proposal as part of the response to the consultation on the draft modification report.

**The implications for Transporters and each Transporter of implementing the Modification Proposal**

We believe that by providing the Panel with the ability to determine whether or not legal text should be prepared prior to consultation on the proposal itself should ensure that the Transporters do not incur unnecessary costs. We also consider that the proposal does not prevent parties from providing their own legal text if they so wish.

**Cost recovery**

Clearly the legal text associated with a modification proposal may be complex or simple depending on how it is seeking to modify the UNC. It could be argued that the more complex the proposal, the more important it is that parties have an opportunity to see the detail of the legal text in order that they may provide considered views on the merits or otherwise of implementing the proposal itself. The views of respondents will undoubtedly have a bearing on the Modification Panel's decision whether or not to recommend implementation of a proposal.

We would have thought that it would be possible for the Panel to be given an indication of the likely costs associated with the Transporters providing legal text. Such information ought to enable Panel members to make an informed decision as to whether or not it would be efficient and economic to instruct the Transporters to provide legal text when the Panel is considering whether or not to send a proposal to consultation.

**The implications of implementing the Modification Proposal for Users and other parties**

As stated above, we believe that implementing the proposal would assist Users' understanding of proposals, reduce the likelihood of misinterpretation of a proposal and therefore ought to assist parties when making their representations. This in turn ought to improve the governance process overall.

**Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal**

We do not understand the comment here.

**Analysis of any advantages or disadvantages of implementation of the Modification proposal**

For the reasons stated above we agree with the advantages.

We believe that requiring the Panel to vote for text to be provided, or not, should be sufficient safeguard against incurring unnecessary costs and that there could be additional information provided to Panel regarding the cost of providing legal text to help with such decision-making.

We do not agree that the proposal reveals the voting preference of Panel members at an early stage. The Panel's role at this stage is to consider whether a proposal is sufficiently developed to proceed to consultation. If it is the Panel's view that legal text would facilitate the consultation process, and provide a more informed response to such consultation, we believe that this is separate to whether or not the Panel considers that the proposal should be recommended for implementation.

In conclusion therefore, SSE supports implementation of this proposal.

I hope that our comments have been helpful. Please do not hesitate to contact me in the first instance should you wish to discuss any of the points raised in our response.

Yours sincerely

Katherine Marshall  
Market Development