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Modification Panel Secretary
Joint Office of Gas Transporters
First Floor South
31 Homer Road
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Dear Julian,

Modification Proposals: 0201 Small value invoice payment deferral.

Thank you for the opportunity to comment on Modification Proposal 0201. Scotia Gas Networks fully supports implementation of Modification Proposal 0201.

It is proposed to batch small value Ad hoc invoices with larger ones, where the small value invoice relates to a non energy ad hoc invoice, below £25. This proposal will affect all invoices except the main Transportation invoices; Capacity, Commodity, Unique Sites, CSEP's, Reconciliation and GRE invoicing. These will continue to follow current rules and be paid by the due date.

SGN supports the introduction of an end date of month end plus 30 calendar days for payments to be made in full. Although arrangements allow a longer payment lead time, the back stop mechanism should disincentivise delayed settlements and help balance efficiency with increased risk for Transporters. We understand any payments not made in full will attract late payment charges plus interest from the original payment due date.

SGN recognise that implementation of this proposal will have costs implications for at least one DNO. Cost implications for SGN are likely to be minimal and are likely to be outweighed by efficiency savings.

SGN believes Modification Proposal 0201 sets out more economical and robust arrangements and furthermore, may help some participants to reduce costs, which should ultimately better help facilitate relevant objective A11.1(f), the promotion of efficiency.

We note the Draft Modification Report suggests that *'All users have the option to use, or ignore this facility on the basis of their own systems.....'* SGN's understanding of this is that by agreement of both parties, there will be the choice to pay small value invoices on the due date (as per current process) or to batch them up. Also it is our understanding that such arrangements are optional and not mandatory.



SGN consider that an implementation period of at least 4 weeks after direction is received from the Authority should be allowed. This will give parties time to set up any necessary changes to processes and/or systems.

We hope you find these comments helpful.

Yours sincerely

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