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Dear John,

### **Modification Proposal 0233 - Changes to Outstanding Energy Balancing Indebtedness Calculation**

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

SSE is supportive of proposal 0233.

It has been proposed that the provisions of Section X2.7.1 be expanded to provide the opportunity for a User to provide more up-to-date data for the relevant period used within the calculation of that User's Anticipated Relevant Balancing Indebtedness. However, the provision of such data would only be accepted if it was verified by National Grid NTS after ratification against information held within its system.

It has also proposed that the provisions within Section X2.5.1 be extended to allow National Grid NTS to process an adjustment, or replace the values calculated in accordance with the formula for a User's Anticipated Relevant Balancing Indebtedness, if it has more up-to-date data available within its system than that calculated in accordance with the formula. Where such data is used, it is further proposed that National Grid NTS provide suitable supporting data to that User for validation purposes.

SSE believes that the proposal will better facilitate the relevant objectives of Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

The shortcomings of the current calculation allied with a lack of appeal may discriminate against Users that provide sufficient security against their actual energy balance. By removing this potential discriminatory aspect, implementation would be expected to facilitate the achievement of this relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

- (i) between relevant shippers;
- (ii) between relevant suppliers; and/or
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

Implementation by providing a means of appeal to a User based on more up-to-date information would reduce that User's exposure to unnecessary Cash Call and, in the extreme, Termination. This would be expected to facilitate the achievement of this relevant objective. Conversely National Grid NTS's ability to use more up-to-date information would be expected to bring forward Cash Call and other measures and so reduce the exposure of those Users to the debts of a Defaulting User.

Please do not hesitate to give me a call if you wish to discuss this further.

Yours sincerely

Jeff Chandler  
Gas Strategy Manager  
Energy Strategy