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Date: 11 Nov 09

Dear John,

Modification Proposal 0263

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 0263.

After implementation of enduring exit reform through Modification 195AV, it is not possible for an Assignor User to assign, or an Assignee User to receive, a partial holding of capacity, but it is possible to wholly assign capacity. SSE believes this oversight to be unnecessarily restrictive and not conducive to the efficient utilisation of capacity particularly at interconnectors, storage facilities and shared supply points.

SSE agrees with the Proposer that this is not a User Pays Modification Proposal. This Proposal is a key part of exit reform that was omitted from mod 195AV. There will no doubt be more Proposals raised in the future associated with exit reform that were not anticipated during discussions of Proposal 195 AV and the IExCR. However, SSE's view is that any such omissions that are related to exit reform should not be User Pays because this was to be funded by Transporters as part of GDN sales.

SSE agrees with the Proposer that implementation of the proposed Modification would better facilitate the relevant objectives as detailed in the Modification Proposal.

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