

Scottish & Southern Energy
Grampian House
200 Dunkeld Road
Perth
PH1 3GH
Direct Tel: 01738 457909
Email: Jeff.chandler@scottish-southern.co.uk
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Julian Majdanski
UNC Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
B91 3QJ

Dear Julian

Modification Proposal 0150/ 0150A & 0151/0151A

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

SSE is supportive of proposal 0150 and offers qualified support for proposal 0151. SSE does not support proposals 0150 A or 0151 A at this time, although we believe that there are aspects of these proposals that have merit and could be considered in the future.

SSE considers proposals 0150 & 0151 would, if implemented, better facilitate the Relevant Objectives as set out in National Grid NTS's Gas Transporters Licence, in respect of Standard Special Condition A11. However, our qualified support is based on a definition for Sold Capacity and Obligated Entry Capacity being included in the legal text.

The following suggested definitions would satisfy our concerns, although undoubtedly these could be improved upon.

Sold Entry Capacity includes sold obligated baseline and sold obligated incremental capacity.

Obligated Entry Capacity includes obligated baseline and obligated incremental capacity.

Mod 0150

SSE considers this proposal would, if implemented, better facilitate the following Relevant Objectives as set out in the Gas Transporters Licence:

- in respect of Standard Special Condition A11 paragraph 1(a), the proposal would provide Users at sold out ASEPs the opportunity to seek to procure unsold capacity at other ASEPs where it is most valued. This would result in the avoidance of sterilisation of capacity and the stranding of gas offshore, and thereby better facilitate the efficient and economic operation of the NTS pipeline system;
- in respect of Standard Special Condition A11 paragraph 1(c) (the efficient discharge of the licensee's obligations under this licence), the proposal is

anticipated to meet a new Licence obligation on National Grid NTS to facilitate the transfer of capacity between ASEPs in the constrained period.

Mod 0151

SSE considers this Proposal would, if implemented, better facilitate the following Relevant Objectives as set out in the Gas Transporters Licence:

- in respect of Standard Special Condition A11 paragraph 1(a), the Proposal would provide Users the opportunity to transfer sold capacity between ASEPs. This could result in the avoidance of the stranding of gas offshore, and thereby better facilitate the efficient and economic operation of the NTS pipeline system;
- in respect of Standard Special Condition A11 paragraph 1(c) (the efficient discharge of the licensee's obligations under this licence), the Proposal is anticipated to support meeting a new Licence obligation on National Grid NTS to facilitate the transfer of sold capacity between ASEPs.

Mod 0150A and 151A

SSE believes that Mod 0150A and 0151A would **not** better facilitate the Relevant Objective as set out in the Gas Transporters Licence in respect of Standard Special Condition A11 paragraph 1(a):

The proposals assume a transfer rate of 1:1 within zone and would not take into account any expected increase in costs. SSE has concerns that this could leave Users exposed to unlimited buy back costs. This may grant firm rights to late bookers of capacity and penalise Users who had given long term investment signals. Therefore it would be counter to the efficient and economic operation of the NTS pipeline system;

SSE also have concerns about implementation timescales for altering RMSEC and AMSEC auctions and whether these are credible in the time available.

Yours sincerely

Jeff Chandler
Gas Strategy Manager
Energy Strategy