

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 0163**

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

SSE is not supportive of proposal 0163.

The UNC already facilitates a bilateral trading mechanism to enable the allocation of capacity between counterparties at the same ASEP. The implementation of this modification would effectively create preferential treatment and favour transfer to one ASEP compared to another, irrespective of value bid and fair auction mechanisms. As such the proposal cannot be regarded as efficient nor competitive.

SSE considers proposal 0163 would not, 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 paragraph 1(a), the proposal would prevent Users from signalling by price where capacity is most valued. This is because it is proposed that same donor/recipient ASEPs are treated preferentially and hence unfairly. It is proposed that such transfers will be based on weighted average prices paid in previous auctions and allocated in preference to the main pay as bid transfer and trade process as proposed by 0156/0156A even though higher values might be bid. SSE do not believe that this will better facilitate the efficient and economic operation of the NTS pipeline system;

Yours sincerely

Jeff Chandler  
Gas Strategy Manager  
Energy Strategy