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Julian Majdanski
UNC Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
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Dear Julian

Modification Proposal 0136

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

SSE is supportive of this proposal.

Within the evidence included for the justification of modification 0136, there are figures provided which indicate that there is a sizeable misallocation of costs between the LSP and SSP markets as a result of the exclusion, which this modification seeks to address, and was originally put in as part of modification 640.

Evidence has been put forward by xoserve that there has been a peak in AQ appeals activity during March in the last couple of years in order to avoid charges due under modification 640 during the winter months resulting in misallocations to the SSP market via the RbD process. There is quite clearly a 'gaming' process occurring which is within the current rules of the UNC as they stand.

The intention of modification 640, when it was introduced, was that shippers should pro actively manage their portfolios and nominate up any AQs that crossed the threshold limits as soon as possible, allowing for the restrictions at the time. A number of restrictions have been removed in previous modifications resulting in a more equitable process, but there is still this 'loophole' which exists and is being exploited.

We believe that the spirit of the intention of modification 640 is being compromised and that this should be corrected in order that costs are allocated as accurately as possible to market participants.

Modification 136, if implemented, will close this loophole that currently exists resulting in a more correct cost apportionment between market participants and sectors.

Yours sincerely

Jeff Chandler
Gas Strategy Manager
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