

**Representation For. 0071a**  
"User Compensation for NEC Storage Curtailment"  
Version 1.0

**Date of Communication:** 19/12/2005  
**External Contact:** Beverley Grubb(Scotia Gas Networks)  
**Slant:** For  
**Strictly Confidential:** No

**Abstract**

**Modification Proposal 0071a: User compensation for NEC Storage Curtailment**

Thank you for providing SGN with the opportunity to comment on the above Modification Proposal.

Unfortunately, given the timescales involved it has not been possible to write a detailed response but I can confirm that SGN supports Modification Proposal 0071a. We believe there are two elements to this proposal. As with 0071, we believe the aspects of the proposal detailing arrangements for calculating the curtailment quantity offer greater clarity than current arrangements. They avoid potential double counting of curtailed gas in storage and any inappropriate level of compensation. As such we believe this aspect would better facilitate the relevant objectives by improving economic and efficient operation of the system.

The second aspect of Modification Proposal 0071a relates to compensation arrangements. We support this aspect of Modification Proposal 0071a also. We believe proposals are preferable to those set out in 0071, offering a more reasonable level of compensation and avoiding any potential perverse incentives which could in our view occur under 0071. We believe such perverse incentives could be detrimental to security of supply, competition and the economic and efficient operation of the network.

As with 0071, SGN would expect Users and customers who are more directly affected by compensation arrangements to provide more detailed and thorough response on this aspect of the proposal. However, we hope our comments have been helpful.

We hope these comments are helpful.

Yours sincerely

Beverley Grubb  
Scotia Gas Networks