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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 0088

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

Scottish and Southern Energy offers qualified support for modification proposal 0088.

The implementation of a modification such as this will allow more sites to potentially have the benefits of daily metering without the associated costs. These benefits will help consumers, balancing of the system, especially at times of tight demand where security of supply could become an issue, and also shippers, and it should generate new types of commercial contracts for such customers, which should lead to overall gas consumption being reduced. It will allow a whole new group of customers to become involved in the interruptible gas market, which has not had a good take up rate to date because of the high costs associated with daily metering, and this market has almost solely been made up of those customers that have mandatory daily metering due to their sheer size.

However, we offer only qualified support and fail to see how the modification, in its current form, could be implemented. A great deal of further detail is required and it may necessitate the forming of a working group to look into all of the issues and to recommend the necessary amendments to the UNC. In our view this modification proposal has opened the subject for debate and obtained the views of a majority of the principle parties within the industry on AMR technology, but does not provide a workable industry solution going forward.

Furthermore, the costs of implementation put forward by xoserve appear to have a lot of uncertainty around them and there is no firm view of a take up rate, or any evaluation of the benefits of such a scheme to the industry as a whole.

We also feel that an Ofgem Regulatory Impact Assessment should be carried out in what is a whole new area for the industry and a detailed set of rules and business processes should be drawn up.

Amongst the rules that require definition is the change of supplier process which requires full clarification as to how it should work.

Rules around reconciliation of meter readings need to be drawn up in the event that automated and actual meter readings do not line up. We also believe that meter reading frequencies should be looked at, as if AMR exists at a site then reads should be able to be obtained daily. If this is not the case then the benefits could be reduced and there is also the potential for gaming whereby shippers could chose the very frequent read option at times of low demand and high prices, but go for the profiled approach and not obtain reads where demand spikes up at certain times of very high demand and gas prices.

Minimum standards and specifications need to be set up and thought needs to be given to check meters in what is a new area of technology to ensure that accuracy standards are being met.

We believe that the development of smart metering is a very good step forward and the more it is implemented under the right conditions with a full set of business processes, it will allow technology to advance and lead to AMR price reductions and, hence, more use of this type of product. This will lead to more frequent meter reads and ultimately to a much more accurate allocation of costs and energy, especially to RbD shippers, and will over time lead to advances in domestic metering with associated benefits.

Yours sincerely

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