

ScottishPower fully support the implementation of Modification 122. We support the Proposer in their view that implementation of this Modification will better facilitate the relevant objectives of the Uniform Network Code.

Dear Tim

I have noted below, ScottishPower's response to Modification Proposal 122.

ScottishPower support the implementation of Modification 122. We support the Proposer in their view that implementation of this Modification will better facilitate the relevant objectives of the Uniform Network Code.

The Industry has been discussing the proposed reconciliation of gas transportation and energy costs associated with regard to the Farningham SE Meter Error. ScottishPower have raised our formal objections to the reconciliation of this meter error, which covers the period from 13 July 1999 to 30 June 2006. We do not believe that adjustments of this nature are costs reflective particularly as it spans 2 separate Price Control periods. Indeed errors of this nature could be deemed as being anti-competitive and may act as a barrier to competition due to the uncertainty within the market that they cause. We are of the view that Parties who have a direct responsibility for measurement equipment should be incentivised to ensure that it operates effectively, is inspected and audited frequently to ensure that errors are recognised and thereafter rectified at the earliest opportunity. Errors even of a minor nature can result in large reconciliation invoices and should therefore not be allowed to go unchecked.

Allowed revenue under the 1997-2002 Price Control has closed out with appropriate adjustments to Transportation Charging historically being made to ensure that target revenue income has been achieved. National Grid Transmission has interpreted Section E 7.6.1 as allowing errors of such nature to be retrospectively billed back to 1998. If this were to be the case this does not provide adequate protection to Shippers and Suppliers who can be held liable for errors that occur even though they may not have been fully active within the market at the time the error first occurred.

We appreciate that metering errors can result in both credits and debits, however with the back-billing provisions that form a fundamental part of the Supplier Billing Code coming into force at the beginning of July 06, Suppliers are restricted in the period of time that they can recover any historic charges from their customers to 2 years with this reducing to a period of 1 year from July 2007. We therefore believe that a review of the invoicing period associated with the application of Transportation and Gas Charges is urgently required.

Modification Proposal 122 seeks to restrict the period of time that retrospective billing can occur to 1 April 2002. While this is not ideal and will continue to result in significant risk to Shippers, we believe that limiting the period of retrospective invoicing to the commencement of the current Price Control, introduces incentives on National Grid Transmission as Shrinkage Operator and

Gas Transporters to ensure that the data accurately is improved and maintained. ScottishPower view this proposal is a reasonable step forward and we would encourage and support the wider review of invoice billing timescales through Review Modification 126.

Kind regards

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