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

Modification Proposal 0122

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

SSE does not support this proposal.

This proposal will limit that period over which any adjustment to payments can be made to the price control period beginning 1 April 2002. It is suggested that a price control period is a discrete period and allowed revenue once agreed is effectively closed out and this will determine the extent of any subsequent reconciliation.

SSE believes there is no logical justification underpinning the proposal, other than avoiding having to re-open a price control. However we believe the application of such a principle will have some unintended and inappropriate consequences. SSE believe it is appropriate to set a constant time limit, but not a variable one.

Charges may need to be adjusted in light of new information, on a consistent basis, to ensure charges remain cost reflective and there is no unnecessary or inappropriate cross subsidy between Users. SSE do not believe 0122 achieves these objectives. We believe restricting reconciliation to specific price control periods will have inappropriate and unintended consequences, purely as a result of when the error is found i.e. at the start or end of a price control period. We believe this is arbitrary, introduces inconsistencies and uncertainties for Shippers and Transporters.

As in its response to Mod 117, SSE is supportive of a Work Group to address concerns over appropriate reconciliation periods and ensure better understanding of the issues by the industry.

Yours sincerely

Jeff Chandler
Energy Strategy