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

Modification Proposal 0141 & 0141A

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

Scottish and Southern Energy supports the implementation of modification proposal 0141 but does not support 0141a.

Shipper performance in resolving USRVs is, and has almost continuously been, below that expected. Some shippers are performing better than others, but the cap of £100k per month does not appear to be incentivising some shippers into investing the necessary time and effort in their business processes in order to clear their USRVs. The cap was set some time ago when most shippers had smaller gas businesses and an increase of the cap to £500k per month would incentivise more shippers into correcting their USRVs in a timelier manner.

Modification proposal 0141a does not propose an increase in the cap, but rather seeks to penalise those USRVs that have been outstanding for a longer period of time. The problem with this is that in most cases the resolution of these problems is sometimes almost impossible due to historical data not being available and multiple change of shipper. Putting the incentive on shippers to resolve these will, with the same level of cap, put no incentive on shippers to resolve more recent USRVs that can often be resolved much quicker, so it may lead to more USRVs being left unresolved at least in the short to medium term. There is also the opportunity for shippers to 'resolve' old USRVs, which creates a more recent USRV on the same meter point thus artificially making the USRV 'more recent' without actually resolving anything.

It is worth mentioning that we do not see modification proposal 0141 as the long term full solution to the problem of USRVs, especially with the developments going on to limit the time periods of gas reconciliation. Further work is required in this area, especially in relation to the resolution of older USRVs which if the modification proposal 0126 is passed, will 'fall of the edge' and this increases the incentive on shippers to do nothing with old USRVs, especially those that financially disadvantage them.

However, in the short term modification proposal 0141 is a very straightforward modification to impose and one that can only increase the incentives on shippers to resolve USRVs, and thus keep the total number at a lower level than it currently is leading to better data quality within the gas settlements process.

Yours sincerely

Jeff Chandler
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