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

Modification Proposal 0169 and 0169A

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

SSE is supportive of 0169 and not supportive of proposal 0169A.

The multiple auction rounds proposed in 0169 offer the opportunity for greater price discovery. This should lead to a more efficient and effective use of the network and we believe this facilitates meeting the relevant objectives to a greater extent.

SSE considers proposal 0169A would not, if implemented, better facilitate the Relevant Objectives as set out in National Grid NTS's Gas Transporters Licence: In respect of Standard Special Condition A11 paragraph 1(a), the proposal would prevent Users from signalling by price where capacity is most valued. This is because it is proposed that same donor/recipient ASEPs are treated preferentially and hence unfairly. It is proposed that such transfers will be based on weighted average prices paid in previous auctions and allocated in preference to the main pay as bid transfer and trade process as proposed by 0156/0169 even though higher values might be bid. SSE does not believe that this will better facilitate the efficient and economic operation of the NTS pipeline system.

In-addition, the UNC already facilitates a bilateral trading mechanism to enable the allocation of capacity between counterparties at the same ASEP. The implementation of this modification would effectively create preferential treatment and favour transfer to one ASEP compared to another, irrespective of value bid and fair auction mechanisms. As such the proposal cannot be regarded as efficient nor competitive.

Yours sincerely

Jeff Chandler
Gas Strategy Manager
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