

15<sup>th</sup> January 2008

Julian Majdanski  
Joint Office of Gas Transporters

0141 568 3209

**Dear Julian**

**UNC Modifications 183 – Provision of Data in respect of downstream networks by iGT directly connected to the Distribution Network**

ScottishPower offers qualified support for the implementation of this Modification Proposal. The CSEP NExA that currently operates applies only to the immediate connected iGT to the Distribution Network. While this Proposal will place an obligation on the lead iGT to collect and collate AQ update data on behalf of all iGTs within an Nest, it has been openly commented at the Ofgem CSEP NExA meetings that iGTs do not have any formal commercial agreements in operation to mandate the exchange of information between Nested iGTs. Therefore as a consequence ScottishPower is afforded no further certainty that Nested iGTs will pass AQ data to the upstream iGT in a timely manner. ScottishPower has previously raised a similar Modification Proposals to the individual Network Code Agreement of iGTs, however Ofgem did not support these proposals.

We remain concerned at the lack of appropriate incentives both commercially or financially for iGTs, nested iGTs and Large Gas Transporters to ensure that the transfer and recording of AQ data in an accurate and timely manner. As communicated previously within various Industry meetings will do not believe that the terms of the CSEP NExA are discharged in an appropriate manner. Evidence has been presented that this is resulting in energy misallocations through the Reconciliation by Difference (RbD) Settlements mechanism occurring. Annual Quantity volumes are being assigned to the incorrect Shipper and therefore transportation charging accuracy is being compromised

We believe that a significant price of work is required to ensure that this situation is remedied and that an appropriate commercial framework is development to place incentives on all Parties involved. We would suggest that a multi-lateral agreement is required to contractually outline the obligations between Large Transporter to iGT and iGT to iGT similar to that being development under DCUSA Schedule 2B. We believe that Ofgem should take a leading role in these

developments which should also include developing robust processes and supporting systems to manage the exchange of information.

In summary, ScottishPower support the intention of the Modification however we believe that implementation will not remedy the lack of obligations on downstream iGTs to pass AQ data upstream or monitor the completeness of data transfer.

Please do not hesitate to contact me should you wish to discuss this response further.

Yours sincerely

Marie Clark  
Energy Commercial Manager  
ScottishPower