



Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
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Dear Julian

Modification Proposal: 0186/0186A Provision of Cost Information

Thank you for providing SGN with the opportunity to comment on these Modification Proposals. Scotia Gas Networks is not supportive of Modification proposal 0186 but is supportive of implementation of Modification Proposal 0186A.

The principles of both proposals are very similar in that they both aim to provide more detailed information to Shippers about the core elements of Gas Distribution Networks Allowed Revenue than is currently available. It is suggested that this will help Shippers to forecast more accurately the likely direction and magnitude of changes in transportation charges over the remaining years of a Gas Distribution price control period.

SGN has the following concern with regard to Modification proposal 0186, raised by RWE npower. The wording in the heading of the second column in the required information table on page 1 of the proposal reads Annual target (projected forward for 5 years). SGN believe it would be more appropriate to provide 'Annual target (projected forward to the end of the Price Control Period)'. As stated above, the aim of Modification Proposal 186 is to provide more detailed information to Shippers about the core elements of Allowed Revenue. For any future Price Control period the DNOs will not have any information about the core elements of the Allowed Revenue for that period until Ofgem publish specific proposals. Any projections beyond the existing price control could be misleading and not in keeping with the purpose of the Modification Proposal. SGN has sought to address this concern in Modification Proposal 0186A.

SGN believe that possible outcomes for a future price control could be discussed at the Distribution Charging Methodology Forum (DCMF). This would allow a range of possible forecasts to be presented and discussed, rather than being limited to one set of figures as suggested under Modification Proposal 186.

Once Ofgem publish specific proposals for the following price control period SGN believes it would be appropriate and more efficient for DNOs to provide information on the Joint Office website for that price control period in a format as set out in SGNs alternative proposal 0186A.

SGN believes Modification Proposal 0186A sets out more meaningful and robust arrangements relative to Modification Proposal 0186, which should ultimately better help facilitate relevant objective A11.1(d), the securing of effective competition. Modification Proposal 0186A may help Shippers more accurately forecast changes in transportation charges, reducing uncertainty and risk for Shippers and end users.

We note the Draft Modification Report also suggests the proposals may better facilitate relevant objectives A11.1(a), the efficient and economic operation of the pipe-line system. SGN does not understand how the Proposer has come to this conclusion and does not agree with the assertion. The proposal does not provide any additional information to DNOs.

We hope you find these comments helpful

Yours sincerely

Bali Dohel
Network Officer
Scotia Gas Networks