

7th March 2008

Julian Majdanski
Joint Office of Gas Transporters

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Dear Julian

UNC Modifications 188 and 188A – Introduction into the UNC of the Agency Charging Statement (“User Pays”)

Thank you for giving ScottishPower the opportunity to respond to the above Modification Proposals. We offer qualified support for the implementation of Modification 188 and support the implementation of Modification 188A.

ScottishPower in principle supports the concept of a User Pays regime however this can only operate effectively within a robust contractual framework supported by transparent and charging principles. We do not believe that adequate time has been allowed for these developments to take place. In addition we believe that the sequencing and timing of activities could have been better managed so that Modifications are not being raised to enact Licence Condition changes that have not been approved by the Authority.

The initial User Pays documentation and in particular contract terms and conditions presented to Shippers/Suppliers for consideration was in our view not fit for purpose, was extremely one sided in favour of xoserve and as such could not be considered within a commercial environment. It is only within the latter stages of discussions and only with the knowledge that some Shippers/Suppliers would not sign the agreement that comments and concerns raised have been taken on board. Therefore with this consideration in mind, we support the proposal put forward under Modification 188A to include User Pays documentation as Ancillary Documents to the UNC.

Modification 188 and 188A propose to give effect to the Agency Charging Statement within the UNC with Modification 188A going a step further in proposing that User Pays documentation is included as Ancillary Documents. Taking into account the comments made above, we believe that the Agency Charging Statement and associated contractual documentation should sit within the UNC governance regime. This will ensure that the required level of visibility and transparency in relation to change is present and will allow affected parties to put forward appropriate representations.

Therefore having considered both Modifications, we believe that Modification 188A better facilitates relevant objective (d), the securing of effective competition between Shippers and Suppliers.

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

Yours sincerely

Marie Clark
Energy Commercial Manager
ScottishPower