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Our Reference:

Your Reference:

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Dear Julian,

Modification Proposal 0189

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

SSE is not supportive of modification 0189.

SSE has sympathy for the principles of moving the auctions to April of each year. However, we cannot support moving the auctions in 2008 for the following reasons:

- Implementation would introduce uncertainty into the 2008 QSEC auction arrangements, due to the auction being contingent on the timing of the Ofgem gas entry baseline reconsultation. SSE understand that the Section 23 implementation might not occur until 12 May. Even if section 23 was implemented earlier in April this would not provide sufficient time to obtain internal authorisation.
- The 2008 QSEC auction would be undertaken before the Substitution Obligation comes into force. This could result in National Grid NTS potentially releasing funded incremental obligated entry capacity that may have been avoided if the Substitution Obligation was in place.

Yours sincerely

Jeff Chandler
Gas Strategy Manager
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