



St Lawrence House  
Station Approach  
Horley  
Surrey  
RH6 6HJ

Modification Panel Secretary  
Joint Office of Gas Transporters  
First Floor South  
31 Homer Road  
Solihull  
West Midlands  
B91 3LT

06 February 2009

Dear John

**Modification Proposal: 0213V - Introduction of User Pays Governance Arrangements into the UNC**

Thank you for providing Scotia Gas Networks (SGN) with the opportunity to respond to Modification Proposal 0213V. SGN supports the implementation of this Modification Proposal.

Ofgem included within the 2008 Gas Distribution Price Control Review (GDPCR) the concept of a User Pays approach to funding both existing and new services to ensure costs associated with the provision of such services were directed to organisations that benefited and / or utilised the services the most. The requirement to extend the concept of User Pays to new UNC Modification Proposals requires a suitable governance regime which allows industry organisations to be provided with an opportunity to assess the costs and agree a suitable method of allocating costs to users who may make use of or benefit from these new services and processes. The application of a User Pays approach to the funding of UNC Modification proposals is a marked change from the current regime in that the introduction of change costs as a key factor in the decision making process places increased emphasis and importance on this analysis and cost information. Key to the success of a User Pays UNC Modification process is the provision of this detailed cost and analysis documentation to industry organisations which MOD 0213V includes as integral part of the business rules and is detailed in the Transporters' guidance document.

We have also reviewed the Modification Report based on the extent to which implementation of the proposed modification would better facilitate the relevant Objectives:

**Standard Special Condition A11.1 (c) : so far as consistent with sub- paragraphs (a) and (b) the efficient discharge of the licensee's obligations under this licence.**

SGN consider the implementation of Modification 0213V would support the requirement of Special Standard Condition A15 by introducing a workable User Pays regime into the UNC Modification Rules thus supporting this licence condition.



**Standard Special Condition A11.1 (f) : so far as consistent with sub- paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and / or the uniform network code.**

SGN agree with the proposer that the Modification 0213V provides an efficient governance process to support the introduction of new or changes to existing User Pays services. SGN further believes that the introduction of change and service costs into the cost benefit analysis formulae for each new User Pays Modification would increase the alignment of the Modification Proposal to the relevant objectives and as such promote the administration of the code.

We hope you find these comments helpful.

Yours sincerely

Joel Martin

[Joel.martin@scotiagasnetworks.co.uk](mailto:Joel.martin@scotiagasnetworks.co.uk)

0131 5596024