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Modification Panel Secretary
Joint Office of Gas Transporters
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Dear John

Modification Proposal: 0225 Revised Timescales for LDZ Shrinkage Arrangements.

Thank you for providing Scotia Gas Networks with the opportunity to respond to Modification Proposal 0225. SGN is in support of this Modification Proposal.

This proposer seeks to alter the timescales from Gas Year to Formula Year but retain the obligations as currently set out in the UNC Sections N3.1 to N3.4. SGN consider implementation of this proposal will enable Transporters to assess LDZ Shrinkage within 4 months of the end of the Formula Year rather than the current 6 months. As a consequence of this change it will provide Users a more timely financial reconciliation for Users. Additionally, changing the arrangements to be in relation to the Formula Year (April-March) would also allow the Transporters to use more timely operational and network information when carrying out LDZ Shrinkage estimates, this would improve accuracy of LDZ Shrinkage estimates and reduce reconciliation volumes.

SGN consider implementation of this proposal would facilitate the achievement of the following Relevant Objectives:

Special Standard Condition A11.1 (a) the efficient and economic operation of the pipeline system:

SGN believe implementation of this proposal would allow increased accuracy of LDZ Shrinkage estimates as more timely network and operational data would be available, which would permit more accurate nominations and demand allocations in each LDZ.

Special Standard Condition A11.1 (d) securing effective competition between shippers:

SGN consider implementation of this proposal will ensure LDZ Shrinkage assessments and subsequent reconciliations are carried out within 4 months rather than the current 6 months, of the end of the 12 month LDZ Shrinkage period.

SGN understand there to be no development cost, capital cost or operating cost implications associated with this proposal and therefore the proposed implementation date of 29th December could be achieved; subject to direction from Ofgem.



We hope you find these comments helpful.

Yours sincerely

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