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Dear John,

**Modification Proposal 0234 - To Correct Drafting Inconsistencies between Sections X and V of the UNC in Respect of User Default and Termination**

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

SSE is supportive of proposal 0234.

It has been proposed that the provisions within Section X2.9.3 pertaining to payment of Cash Calls, Section X2.10.10 pertaining to the satisfaction of Further Security Requests, Section X3.2.2 pertaining to the payment of Energy Balancing Invoices and provisions pertaining to the issue of Termination Notice pursuant to X4.3 contained within section V 4.3.11 (a) and (b) be amended to be consistent with the provisions of Section V 4.3.3:

*“Upon the occurrence of a User Default, and at any time after such occurrence at which the User Default is continuing the Transporter may give notice (“**Termination Notice**”) to the Defaulting User to the effect that the User shall cease to be a User of or in relation to its System(s) **with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.**”*

SSE believes that the proposal will better facilitate the relevant objectives of Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs

(a) to (c) the securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

Implementation of this Modification Proposal would facilitate this objective by reducing Users' exposure to unnecessary risk. Whilst not directly enhancing competition, it would help

secure effective competition by minimising any potential costs to all shippers and suppliers from a User Default.

Please do not hesitate to give me a call if you wish to discuss this further.

Yours sincerely

Jeff Chandler  
Gas Strategy Manager  
Energy Strategy