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Dear John,

Modification Proposal 0235 – Recovery of Debt and Smearing of Revenues Via Energy Balancing Neutrality

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

SSE is supportive of the principle behind Modification Proposal 0235. However, whilst we believe we understand the intent of the proposal and the purpose as explained in the Draft Modification Report, we are concerned that the proposal may actually be detrimental to new entrants or participants with a growing market share. We believe consultation would have benefited from a worked example and / or the opportunity to review legal text. This would have allowed us to confirm our understanding of how a User's share of an adjustment would be calculated and applied in practice.

We would urge the Panel to request legal text and would appreciate the opportunity to review this before the Panel makes a recommendation regarding implementation.

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