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Modification Panel Secretary
Joint Office of Gas Transporters
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31 Homer Road
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Dear John

Re: Modification Proposal: 0244A: Introduction of an Exception Process for Decreases in Supply Point Capacity (SOQ) at Daily Metered (DM) Supply Points

Thank you for providing Scotia Gas Networks with the opportunity to comment on Modification Proposal 0244A. SGN support the principles of this Modification Proposal.

Modification Proposal 0244A has been raised as an alternate to 0244, again we fully support the principle raised in this modification and we consider it a pragmatic way forward for the good of the industry. We believe the introduction of a process which looks to amend the current arrangements for transportation charges for DM sites to be a positive measure.

SGN consider Modification 0244A to be a more practical approach, it provides the equitability required to progress this issue, by introducing a process which is similar to that used for NDM sites and requires minimal system / process changes. In comparison to Modification 0244 this modification will significantly reduce the number of sites that would be eligible to apply for a reduction in capacity. Due to this simpler approach SGN consider this modification would be easier and quicker to implement than Modification Proposals 0244 and 0244B.

We have also reviewed the Modification Report based on the extent to which implementation of the proposed Modification would better facilitate the relevant objectives and would like to provide the following comments.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives.

Standard Special Condition A11.1 (c): the efficient discharge of the licensee's obligation under this licence.

SGN considers that implementation of this proposal could help further this relevant objective by allowing shippers greater flexibility to nominate AQs, SOQs and BSSOQs which reflect actual usage, particularly as Modification 0244A provides a safeguard against inappropriate nominations, in that the Transporter can reject an application which does not meet specified criteria. However SGN also agrees that the introduction of this exception process could undermine the basis of the



capacity and charging regime in the industry because of the possibility that some of the re-nominated AOs, SOOs and BSSOOs might fail to reflect actual usage. In this event the charges to some sites might be reduced, this will lead to an increase in the charges to all other sites in future years.

4. The implications for Transporters and each Transporter of implementing this Modification Proposal, including:

b) Development and capital cost and operating cost implications:

We understand implementation of this proposal would require minimal changes to UK Link it is hoped that further information will be made available at Modification Panel to confirm cost implications and implementation timescales. However it would be fair to conclude that changes to processes and system would be simpler therefore quicker to implement for this Modification compared to Modification Proposals 0244 and 0244B.

We hope you find these comments helpful.

Yours sincerely

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