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Modification Panel Secretary  
Joint Office of Gas Transporters  
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Dear John

**Re: Modification Proposal: 0244: Amending DM Supply Point Data for Sites with Significant Changes in Usage**

Thank you for providing Scotia Gas Networks with the opportunity to comment on the above Modification Proposals. SGN do not support this Modification Proposal and provides the following comments.

Over the last few months we have attended Distribution Workstream meetings and participated in discussions on this topic. We are in agreement with the principle which lies behind this Modification. The current arrangements for transportation charges for DM sites can be inequitable where the economic climate leads to unforeseen reductions in gas usage.

At present where a DM site reduces consumption, becomes part vacant or mothballed, Shippers continue to be liable for transportation charges based on AQ, SOQ and BSSOQ. Currently the only option for avoiding these costs is to vacate from site then isolate and withdraw.

SGN believe the suggested process contained within this proposal to be unnecessarily complicated and xoserve have indicated that development of an off-line or a systematised solution would take significantly longer to implement compared to Modification Proposals 0244A or 0244B. The complexity of this mod and the significant number of sites that will be eligible to apply for a reduction in capacity will lead to delays in its implementation; therefore we consider this proposal to be counter intuitive to the aim of providing a timely solution to the problem. SGN consider Modification 0244A; an alternate to Modification 0244; to be a more pragmatic approach going forward.

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 (a): the efficient and economic operation of the pipe-line system;**

SGN consider implementation of this proposal would not help further this relevant objective, this proposal has the potential to allow sites to reduce and increase (capacity availability permitting) their usage seasonally as such we believe this would not help in future planning.

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

SGN do not consider implementation of this proposal would help further this relevant objective. It is true to say, as the Modification does, that the current charging methodology relies on AQs, SOQs and BSSOQs as the basis for charges, and if these do not reflect actual usage then the charges will not be as accurate as they might be. However it does not necessarily follow that allowing shippers greater flexibility to register AQs, SOQs and BSSOQs will mean that they will better reflect actual usage. The BSSOQs were introduced some years ago because some shippers were nominating unduly high SOQs on interruptible sites to take advantage of the lower unit rates on commodity charges which would result. Modification 0244 does not contain sufficient safeguards against similar inappropriate AQs, SOQs or BSSOQs being nominated again.

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

**b) Development and capital cost and operating cost implications**

Details of actual development timescales and capital costs are not yet known this information will be shared with industry as soon as it is made available.

We hope you find these comments helpful.

Yours sincerely

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