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Our Reference:
Your Reference:

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Dear Tim,

Modification Proposal 0315 version 2.0

Thank you for providing SSE, with the opportunity to comment on the above Modification Proposal.

SSE is supportive of proposal 0315.

Currently the UNC does not prevent a User from simply “topping up” their Security to meet their short-term requirements. This means that where a User is running a persistent imbalance the Energy Balancing Rules do not act as adequate incentive to ensure that the User maintains the appropriate level of Security to accommodate the level of their Energy Balancing activities and avoid repeated Cash Calls and Further Security Requests.

It is proposed to extend the provisions in Section X2.10 so that the utilised value (User’s Cash Call Limit) of the User’s Security will be scaled back by a percentage (initially to be set at 20%) as soon as is reasonably practicable following the 3rd FSR within the 28 day measurement period. The resulting revised Cash Call Limit will remain in place for a minimum period of 12 months (re-basing period)

Any 3rd FSR in a new “28 day measurement period” that takes place within the duration of the “re-basing period” will trigger a further percentage reduction (again initially proposed to be 20%) in the User’s Cash Call Limit and a new re-basing period’ will commence.

Once any “re-basing period” has expired and the User has not had any further FSRs, a subsequent Cash Call will commence a new “28 day measurement period”.



Once any “re-basing period” finishes, without any further re-basing periods’ being triggered, any Security held may be returned at the User’s request providing that conditions of UNC Section X2.3.5 have been met and the User’s Cash Call Limit is revised accordingly.

Advantages:

- Users will be encouraged to provide adequate Security at all times.
- It will maintain Users confidence that risk of default is being managed effectively.

Disadvantages:

- Adds a level of complexity to the arrangements.

SSE agrees with the Proposer that implementation of the proposed Modification would better facilitate the relevant objectives as detailed in the Modification Proposal.

Please do not hesitate to contact me if you wish to discuss this further.

Yours sincerely

Jeff Chandler
Head of Fuel Strategy
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