

4th October 2010

Email: Lorraine.kerr@scottishpower.com

(by e-mail)

Dear Tim

UNC Draft MOD Report 0328 - Proposal to amend Annex A of the CSEP NExA by replacing the current version of the AQ Table

Thank you for the opportunity to respond to the above Draft Modification Report.

This response is non-confidential and ScottishPower are happy for this to be posted on your website.

As the proposer ScottishPower are fully supportive of the Modification.

We believe this Proposal is required to ensure that AQ's are as accurate as possible. It has been recognised by Ofgem in their recent Consultation, 'Revision of typical domestic consumption values' that the typical annual consumption values for gas have reduced (suggesting a reduction in Medium Users from 20,500kWh to 16.500kWh) and this is supported by the revised Seasonal Normal Demand (SND) data, which also shows a reduction. Without the CSEP NExA table being amended to reflect the revised SND data the values will continue to be over-inflated. This will result in higher costs to Shippers and also impact on the accuracy of energy allocation and the estimation of gas off-take.

The revised SND data will be applied to all AQ values effective from 01/10/10. We therefore believe it is reasonable to expect the AQ values contained within CSEP NExA Table and the table published in UNC TPD Section G Annex G-3 to be amended to reflect revised SND data. This Modification if implemented will facilitate the required amendment to the CSEP NExA Agreement. For information, a complimentary Modification has been raised to facilitate the change within the iGT UNC (iGT031V). The revised values included within the Proposal are calculated from the information published by xoserve on 4th August 2010. We have calculated and applied an average AQ Conversion Ratio, based on the sum of conversion factors for EUC 01B by LDZ within a Geographical Area, i.e. South, Average and North as displayed within the CSEP NExA Table. These figures exclude Scottish Independent networks.

Facilitation of Relevant Objectives

ScottishPower believes that the proposed modification would better facilitate the following relevant objectives:

Standard Special Condition A11.1 (a): The efficient and economic operation of the pipeline system to which this licence relates:

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of the amount of gas which is off-taken at the CSEP and

subsequent energy allocation to Shippers over the gas pipeline. Consequently, this will result in increased accuracy of costs.

Standard Special Condition A11.1 (b): so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of:

- (i) The combined pipe-line system, and/or*
- (ii) The pipe-line system of one or more other relevant gas transporters*

Increased accuracy within the AQ values contained within the CSEP NExA AQ Table will improve the estimation of off-take quantities at the CSEP.

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (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.*

The increased accuracy of AQ values will result in improved allocation of energy and costs between Shippers.

I hope you find these comments useful and should you wish to discuss further please do not hesitate to contact me.

Yours sincerely,

Lorraine Kerr
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