

Eddie Blackburn
Regulatory Frameworks
National Grid
National Grid House
Gallows Hill
Warwick
CV34 6DA

Telephone: 01738 457909

E:mail: Jeff.Chandler@
scottish-southern.co.uk

Our Reference:

Your Reference:

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Dear Eddie,

Consultation Document NTS GCM 14: Constrained LNG Credits

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

SSE is supportive of consultation GCM014.

SSE believes in principle, that credits for Users that reduce the costs of Transmission through avoidance of network investment are appropriate and that the level of the credit should reflect the specific costs avoided.

Specifically in the case of Constrained LNG credits SSE believe:

1. The credit should be based on the LRMC rather than exit charges which include a revenue adjustment. This would be more cost reflective of the alternative to CLNG i.e. investment in additional exit capacity.
2. The credit should be based on the LRMC at the node rather than at the zones the CLNG supports since there is already sufficient capacity between the constrained entry point and the exit zones.
3. The credit should be based on peak requirements since investment in the network is to meet the 1 in 20 peak day Licence requirements. The current methodology gives equal weight to the requirements over a number of days which is less reflective of the costs of investment.

If you would like to discuss any of the above points please do not hesitate to contact me.

Yours sincerely

Jeff Chandler
Gas Strategy Manager
Energy Strategy