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Email:
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Dear Juliana

National Grid Gas (NTS) Shrinkage Incentive Methodology Statement Consultation

Thank you for providing SSE with the opportunity to comment on the above consultation.

1. Do you consider the form of the proposed methodology statement in the Addendum to be fit for purpose for the derivation of shrinkage incentive scheme parameters over an eight year period?

Yes. SSE welcomes the separate reporting of CV Shrinkage, UAG & CFU.

2. Do you consider the steps set out in the proposed methodology statement in the Addendum to give enough detail, clarity and transparency?

SSE does not agree with the methodology for UAG. The methodology sets the target for next 3 months based on the results of the previous 3 months. This methodology does not promote any improvement to this large industry cost of circa 3 TWh/yr or £60 m/year. We would expect the methodology to include a factor that reduces the target quantity of gas quarter on quarter by applying a multiplier of say 0.95.

3. The proposed form of the calculated values is shown in Appendix A (NTS Shrinkage Incentive Ex-Ante Baseline Values Statement) and its publication route and timescales are given in 'National Grid's Proposals – Baseline Volumes'. Do you consider the form of the statement and arrangements for its publication to be clear and appropriate?

Yes.



4. Are the interim arrangements for 2013/14 clear and appropriate?

They are clear, however, our response to question 2 still applies as we do not agree that UAG treatment is appropriate.

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

Yours sincerely

Jeff Chandler
Head of Gas Strategy
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