



Andrew Fox  
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February 08, 2008

Dear Andrew,

Thanks for giving Scottish Power the opportunity to comment on the following:

**The Entry Capacity Transfer and Trade Methodology Statement**

We appreciate all the work undertaken to develop an enduring regime for the trade and transfer of capacity. Our view is that the parameters for any regime that can have profound impacts on stakeholders in the energy market should have adequate consultation and discussion prior to implementation or inclusion in the National Grid licence. We have found it particularly difficult to follow the rushed changes and had issues with the outcomes of methodologies applied retrospectively.

In this case we are pleased to support the basis of a methodology that should be able to make additional capacity become available to the market. This statement is also important in that it legitimises to some extent trading behaviours that could potentially be abused in the form by key players could result in winners and losers and unintended outcomes.

We agree that the trades & transfer methodology statement, together with mod 0187, should meet the relevant objectives to ensure that we can make effective use of the capacity available on the NTS while ensuring that we pay due attention to the physical capabilities of the system.

We want to ensure that prices paid are cost-reflective inasmuch as they reflect the costs of providing capacity at the entry point and not generalised across the system based on constraints at particular points in certain areas. We are pleased that the methodology is undertaken on an ASEP to ASEP basis.

We agree with the principles of making sure capacity at any ASEP (sold or unsold) does not become sterilised but if not required should be made available to the market and an exchange rate should be used to make that capacity available at


an appropriate rate. Clearly, we have a variety of different types of entry point across the system, which use capacity in a different way. We believe that we should be looking at options that further differentiate the capacity product (in terms of the bundled way capacity is sold).

Whilst we agree that we should seek to maximise the availability of firm capacity at locations where the demand for capacity exists during the constrained period, we want to emphasise that this relates to all points on the system. If there is sufficient demand at one point on the system, then capacity should not be moved from there to another point – this is inefficient and creates additional constraints. Only capacity that is not required at the ASEP at which it is purchased should be able to be moved to another zone or ASEP.

We are supportive of the physical and historic flow basis of the modelling, and the basis for the calculation of exchange rates.

Scottish Power are keen to be centrally involved in all processes relating to the release of entry capacity going forward. If you have any questions on any of the points raised in this response, please call me on 0141 568 2464.

Yours Sincerely,

A handwritten signature in blue ink that reads "Steven Gordon". The signature is written in a cursive, flowing style.

Commercial & Regulation Manager (Gas)  
Scottish Power Energy Management Limited