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Date: 12th Nov 2012

Dear Collin,

Potential One-off Change to NTS TO Exit Capacity Charges for April 2013

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

Based on the data provided in the Discussion Document SSE is supportive of a one off change to NTS TO Exit capacity Charges for April 2013, this will help reduce volatility of charges. The level of annual charging volatility as a result of NGG's RIIO submission is significant; with £100m/yr variances, equivalent to circa 25 % of allowed revenue, swinging from under to over recovery year on year. Ofgem's RIIO Initial Proposals do not result in the same magnitude of volatility but the one-off change would still help to reduce the level of volatility of charges.

A one off April change to charges will not have a material impact on business processes. But if the April change is not implemented and charges are as volatile as forecast they will impact negatively on subsequent year budget forecasts and may impact on when to give incremental capacity user commitment signals.

Please do not hesitate to give me a call if you wish to discuss this further.

Yours sincerely

Jeff Chandler
Head of Gas Strategy
Regulation & Strategy