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Dear James

Determining revenue drivers for South East exit capacity

Thank you for providing SSE with the opportunity to comment on the above consultation. We have detailed our responses to the consultation questions below.

Chapter Three

1. Do you agree with NGG's proposed approach of introducing a 'banded' revenue driver to meet generic CCGT incremental capacity demand in the South East?

Yes.

2. Do you agree with NGG's proposed approach of introducing a separate revenue driver to meet potential storage site demand for incremental capacity in the South East?

Yes.

3. Do you agree with the proposed 50 GWh/day increments used in modelling the banded CCGT revenue driver?

Yes.

4. Do you agree with the network modelling approach adopted by NGG? &
5. Do you agree with the data input modelling assumptions adopted by NGG?

In general, we agree with the network modelling approach adopted by NGG. However, we are unable to provide comment on the assumptions used as no justification for their use has been provided. For example, we question why different offtake value assumptions have been used for the Gas Distribution Networks and Direct Connect offtakes, and why these offtakes vary on a National and South East basis.

In order to allow respondents to provide informed responses to such consultations, justification for the use of assumptions should be provided in the consultation paper, along with details of the modelling methodology.

6. Do you agree with the 400 mcm/day demand forecast assumption for modelling the storage site reinforcement requirements?

Yes.

Chapter Four

1. Do you agree that adopting the unit cost assumptions used by NGG in its TPCR4 rollover business plan submission is appropriate for deriving the revenue driver values?

Yes.

2. Do you agree that it would be appropriate to incentivise NGG to seek a contractual solution, where feasible, to meet the South East incremental capacity signals?

Yes.



We hope you find this information helpful. If you would like to discuss any of the point raised in more detail, please do not hesitate to contact me.

Yours sincerely

Claire Basil-Rathey
Regulation