



**St Lawrence House
Station Approach
Horley
Surrey
RH6 9HJ**

**Steve Rowe
Smarter Markets
Ofgem
9 Millbank
London
SW1P 3GE**

29 November 2013

Dear Steve,

Proposed decision in respect of the price controls for regulated gas metering

Scotia Gas Networks (SGN) appreciates the opportunity to provide comments on Ofgem's proposed decision in respect of the price controls for regulated gas metering that was released for consultation on 31 October 2013.

SGN is generally comfortable with Ofgem's proposed decision and we consider all material considerations have been appropriately addressed in the consultation paper. We consider this is indicative of the collaborative approach Ofgem has adopted on this issue.

It would be useful if Ofgem's Final Decision on this matter makes it very clear Licensees of gas distribution networks have the option of making re-opener applications where conditions exceed the £1m threshold. We understand this does not need to be included as a formal licence requirement, but specific mention of this in the Final Decision would help clarify the policy intent and confirm the principles of RIIO are being applied.

As a general observation, and not just restricted to this issue, we consider both Ofgem and Licensees need to work more closely together to clarify and better define the requirements to support a claim for any of the RIIO-GD1 uncertainty mechanisms moving forward. SGN's experience to date suggests further work is required to ensure consistency in the future expectations of Ofgem and Licensees in this regard.

Yours sincerely,

**Paul Mitchell
Regulation Manager**

24 hour gas escape number 0800 111 999*
*Calls will be recorded and may be monitored

Scotia Gas Networks Limited
Registered Office: St Lawrence House Station Approach Horley
Surrey RH6 9HJ
Registered in England & Wales No. 04958135
www.sgn.co.uk