



Leonardo Costa  
Wholesale Markets Performance  
9 Millbank  
London  
SW1P 3GE

Head Office  
Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ

[lois.wares@sse.com](mailto:lois.wares@sse.com)  
01738 456410

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Dear Leonardo

### **Gas System Operator Incentives Review 2015/16: Initial Proposals**

SSE welcomes the opportunity to provide comment on Ofgem's Initial Proposals for the Gas System Operator (SO) incentives review for the 2015-18 scheme.

Building on our response to Ofgem's initial view, we want to reiterate our position that we do not use the D-2 to D-5 forecasting service. Nor are we aware of any evidence to suggest that other NG NTS customers use this service. We believe there would be merit in running a simple "Survey Monkey" questionnaire to establish how much value, if any, is placed on this service.

Instead, the forecast we value most is the D-1 forecast. This is used by NG NTS to determine the cashout position of its customers. To this end, we are concerned that the production of the D-2 to D-5 services could be distracting from efforts to improve the D-1 forecast.

Secondly, we are concerned that the proposed target of 13.7 mcm is too high given NG NTS' performance in 2013 was 13.1 mcm. It is important that the SO incentives drive continued performance improvement and should not reward NG NTS for business as usual.

We trust this is useful input. Should you wish to discuss any of the above, please do not hesitate to get in touch.

Yours sincerely,

Lois Wares  
**Regulation**