|  |  |  |
| --- | --- | --- |
| Network Innovation Competition 2020 Supplementary Answer form | | |

|  |  |  |  |
| --- | --- | --- | --- |
| Project Name | H100 Fife | | |
| Question number | #32 | Pro forma section | 7 |
| Question date | 24/09/20 | Answer date | 28/09/20 |
| Question summary | Shipping must be unbundled from networks, who would act as shipper with your current bid proposals and why is this appropriate? | | |

## 

## Answer (please retain document formatting and do not exceed 2 pages unless otherwise agreed with Ofgem)

Under Option 1, neither SGN Futures nor Scotland Gas Networks (ScGN) will be undertaking shipping activities. Our intention is that SGN Futures will engage a third-party shipper, procured via a competitive process at industry standard/market terms as detailed in Section 7 and Appendix O of our submission. The contract between SGN Futures and ScGN will be on arm’s length terms. This approach ensures the shipping activities are separated from Scotland Gas Networks’ licence and that the customer value proposition is maintained. This was a primary driver for recommending Option 1, as our competitive process can derive value within our contractual terms with the selected shipper. Our responses to SQs 28 and 29 set out the legal analysis carried out by Addleshaw Goddard LLP and the justification in support of our preferred regulatory model, Option 1.

Further details of our analysis and conclusions on unbundling has been provided in our response to SQ30 which references section 4 of Appendix O of our submission.