

Mr. Julian Majdanski
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
West Midlands
B91 3QJ

18 May 2006

Dear Julian,

Modification Proposal 0077 - “Notice Period for Code Credit Limit Revision (as a consequence of Credit Rating downgrade) and remedies for non-compliance with a request for provision of additional security.”

Total Gas & Power Limited (TGP) gives support to modification 0077.

- We agree that setting a limit of two whole business days to provide additional cover ensures sufficient protection to the industry whilst minimising the potential of bad debt. This proposal is less onerous than the provisions in Modification 0025 which only gave one whole business day, and should ensure that a User will be able to source additional credit in good time.
- Similarly, the 8% shortfall charge is an appropriate incentive to ensure that Users provide the extra credit prior to the deadline.
- A common set of rules, which apply to all Users, will reduce the effects of industry fragmentation and ensure consistency across the network.
- We are concerned that the table indicating the timescales for actions to be taken when a party is defaulting on payment has not been included within the legal text. This is something we commented on in our response to Modification 0025, but still has not been addressed in this modification.
- Despite this we believe that modification 0077 promotes the Transporters’ ability to operate the network in an efficient and economic manner and so fulfills the relevant objectives of licence condition A11.

Should you wish to discuss our response further, please feel free to contact me.

Yours sincerely,

(This message is sent electronically and is therefore not signed)

Gareth Evans
Regulation Analyst
Total Gas & Power Limited



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