

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

20 September 2005

Dear Julian,

**Modification Proposal 0032 - "Adjustment to the number of days in the V A R calculation to bring the Code Credit Rules into line with the Best Practice Guidelines, Conclusions document Feb 2005"**

Please note that this submission is also made on behalf of Total E&P (UK) plc. Total Gas & Power Limited (TGP) & Total E&P (UK) plc support supports modification 0032.

Comments on the Draft Modification report are as follows:

- It seems appropriate to base Value At Risk (VAR) on a combination of outstanding billed UoS charges (which is billed monthly) and an estimate of unbilled charges outstanding at any time. We therefore agree with the methodology proposed by this modification.
- We agree that the modification (basing the revised VAR calculation on easily obtainable data) will provide Users with ability to optimise their commercial position and hence reduce the amount of credit unnecessarily lodged by Users.
- We also agree that some Users may be subject to more cash calls as a result of this modification, as VAR will become more volatile owing to the shortened timescale. As we have stated above however, this will be offset by the relative predictability of VAR and hence we do not see this as a major disadvantage.
- As the UNC is the primary document for governing the relationship between shippers and transporters, the credit rules would need to be changed to align with UNC and so we do not consider that this modification will create inconsistencies between the credit rules and the UNC.
- We therefore believe that modification 0032 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  
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