



Tim Davis
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**Response to UNC Modification Proposal 112: Aggregation of
Credit Positions or Use of Group Ratings**

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Dear Tim,

E.ON UK is in support of this Modification Proposal.

We were party to the discussions that took place in the UNC Distribution Workstream regarding this Modification Proposal. We are in broad agreement with the recommendations presented in the Ofgem *'Best Practice Guidelines for Gas and Electricity Network Operator Credit Cover'* that was published in February 2005 and that has led to this and a number of other Modification Proposals.

We agree that common, flexible and most importantly suitably robust credit cover arrangements for gas network operators will ensure a robust market for shippers to operate within in.

Without a robust market for shippers it would also be impossible for suppliers to operate effectively.

Therefore we believe that this proposal will further the relevant objective, as specified in Special Standard Licence Condition A11 1 i) and ii), to secure effective competition between relevant shippers and suppliers.

If any clarification is required concerning our response to this Modification Proposal then please do not hesitate to contact me.

Yours sincerely

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Retail Regulation
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