

Mr. Bob Fletcher
UNC Panel Secretary
Joint Office of Gas Transporters
1st Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

30 July 2010

Dear Bob,

RE: Modification proposals 0298 - 0311: Transportation credit suite of Modification Proposals

Thank you for the opportunity to respond to this consultation. British Gas Trading's (BGT's) positions on each are set out briefly below.

0298 - Amend and remove UNC TPD Section V3 text inconsistencies, errors and bi-lateral insurance clause.

British Gas Trading offers qualified support for this proposal. The qualification in our support stems from our uncertainty as to whether this proposal seeks to remove the ability of a User to utilise a Performance Bond issued by an insurance company. In some instances, these can be cheaper than a Letter of Credit and if it the case that this proposal removes this product, we believe this should be made explicit in the modification proposal.

0299 - Alignment of portfolio sanctions across UNC TPD Sections V and S

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0300 - Introduction of Fitch as an allowable Credit Rating Agency for the purposes of Code Credit Arrangements

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated. We do, however, have some queries around the legal text which we are happy to discuss with the proposer.

0301 - Removal of the use of Specially Commissioned Ratings for the purposes of obtaining an Unsecured Code Credit Limit

British Gas Trading supported the implementation of modification 0107V, which sought to allow a User to utilise a Specially Commissioned Credit Rating as a UNC transportation credit tool. We therefore struggle to support the removal of such a credit tool, particularly when, as far as we are aware, the shortcomings given as reasons for its withdrawal would have existed at the time, and to the same extent. It remains debateable whether those shortcomings were fully recognised at the time. If they were, it is hard to see how this proposal to remove Specially Commissioned Credit Ratings can further the relevant objectives when the introduction of this credit tool under 0107V was deemed to also further the relevant objectives. We therefore believe we must remain neutral to this proposal.

0302 - Definition of Regulatory Asset Value (RAV) when calculating Maximum Unsecured Credit

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0303 - Obligation for Users to maintain a Code Credit Limit and at a reasonable level

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0304 - Introduction of a rating table for independent credit rating agencies for use with Independent Assessment

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0305 - Unsecured Credit Limit allocated through payment history

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated. However, we wonder whether the Legal Text should be strengthened to make clear the sanctions that will apply in the event that a User fails to put in place another payment method at the end of the 2 year payment history period.

0306 - Administration of Shipper Credit Security Contact Details

British Gas Trading broadly supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated. In practice, we believe that making this information available to transporters may increase the efficiency with which Users can be contacted. However, it should be noted that simply holding the information does not guarantee a response e.g. in the event of the relevant contact going on holiday, sick leave, maternity leave etc. Further, we believe that the legal text should include an element of reasonable endeavours. For example, would it be appropriate to require update of the central database in the event of a one day absence? Or a one week absence? Or a one month absence? What about in the event of unplanned absence from work by the named contact?

0307 - Alignment of Defaulting User Threshold with Insolvency Act (1986) Threshold

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0308 - Appropriate use of the terms Surety and Security in UNC TPD Section V

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0309 - Timeframes for establishing and extending Guarantees and Letters of Credit

British Gas Trading supports implementation of this proposal and agrees both with the relevant objectives identified by the proposer, and also the extent to which they will be facilitated.

0310 - Removal of DNO Users from UNC TPD V3.3.4 and 0311 - Removal of DNOs as Users from UNC TPD V3 and V4

British Gas Trading supports implementation of both proposals and agrees both with the relevant objectives identified by the proposers, and also the extent to which they will be facilitated. Given that these are effectively alternatives, of the two, we prefer 0311.

Please contact me if you would like to discuss this response.

Yours sincerely,

Chris Wright
Commercial Manager