

21/11/2005

"Dear Julian,

At the meeting of the Energy Balancing Credit Committee (EBCC) on 18/11/2005, User members considered the consequences for Credit Cover and the Neutrality Account if Modification Proposal 0061, 'Facilitating further demand-side response in the event that a Gas Balancing Alert is triggered', were implemented and wish to submit the following comments.

EBCC Members noted that, if implemented, trades arising from this Proposal would count towards indebtedness, which may impact Credit Cover.

They are also concerned that implementation could introduce significant additional complexity and difficulties for Users when identifying and monitoring associated invoices. Users are unlikely to be able to identify the associated trades, and hence be likely to inadvertently invoice National Grid NTS in the same way that invoices are raised for other trades. The complexity is particularly likely to create difficulties since any impact is likely to be rare, and those operating back office processes cannot be expected to be familiar with, and recognise, the impacts. It would be very helpful if National Grid could ensure that practical issues associated with implementation are fully taken into account, and that training and support is available both ahead of and when an incident occurs.

Yours Sincerely,

Julian Majdanski

EBCC Chairman, for and on behalf of the EBCC "