



Mr J. Majdanski  
Secretary, Modification Panel  
Joint Office  
National Grid Gas

Centrica Energy

Millstream East  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

Tel. (01753) 431059  
Fax (01753) 431150  
Our Ref.  
Your Ref.

22 September 2006

Dear Julian,

**RE: Draft Modification Report 0102: Removal of Failure Notices in respect of Energy Balancing Credit**

Thank you for the opportunity to comment upon this modification proposal.

As the proposer of this modification, British Gas Trading (BGT) supports its implementation in advance of the winter 2006 period.

BGT recognises that a balance needs to be struck between providing Users, especially smaller organisations with limited resources, adequate opportunity and notice to correct their credit position. Against this must be weighed the financial risk to the remainder of the community of allowing a failing shipper to continue to incur costs, which in the event of business failure will be smeared across remaining Users.

Historically, business failures within the shipping community have been relatively few and, primarily due to lower commodity costs, the risks to the community should the worst happen have been low. The business failures of last winter highlighted that not only is the likelihood of failure greater than at any time in the past, but that the value at risk can also be significant.

BGT therefore believes it is now prudent to seek to limit the duration over which a potentially failing shipper can incur costs on behalf of the rest of the community. We believe that the benefits in reduced risk to the community from this modification's implementation far outweigh any potential downside; this being limited to minor inconvenience for shippers who routinely wait until receipt of one of these relevant notices before addressing their credit position. Other than this, we don't believe that there will be any systems or process impacts.

By seeking to limit the exposure of the shipping community (and therefore end consumers) to financial loss, BGT believes that this modification furthers the relevant objective of facilitating the economic and efficient operation of the pipeline system.

Further, this proposal has been developed by the EBCC, which is responsible for developing and maintaining a framework for limiting the risk of financial loss to the shipper community, resulting from the operation of the energy balancing regime. We therefore believe that its implementation furthers the relevant objective of promoting efficiency in the implementation and administration of the UNC.

Please don't hesitate to contact me if you have any queries about this response.

Yours sincerely

Chris Wright  
**Contracts Manager**