

19 September 2006



Julian Majdanski
Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
West Midlands B91 3QJ

Dear Julian

Re: Draft Modification Report 0102

Corona Energy ("Corona") wishes to submit the following in response to the above draft modification report.

Introduction

Corona fully supports the implementation of this Modification Proposal. Under current rules the escalation process is delayed by the lapse period, as defined in the Modification Proposal, after which NG NTS will consult with the EBCC. There is little justification for the lapse period which in practice is likely to lead to a further worsening of the debt position of the affected Party.

The EBCC's main objective is protect the interests of the Shipping community by limiting overall exposure to energy balancing indebtedness, in accordance with Section X of the UNC TPD. This Modification Proposal ensures that the EBCC is empowered, at the earliest opportunity, to consider the risks to the community and determine reasonable mitigating actions.

Modification Report Sections

Consequences of non-implementation

Non-implementation of the modification Report would continue to expose the community to unnecessary risks of escalating debt as a result of the current anomaly enshrined within the UNC. This level of risk is objectionable on the basis that it arises as a result of the timetable established in the UNC, rather than any operational or commercial considerations. It is incumbent upon Users to limit risks to the community which cannot be directly managed by any individual Party.

Better Facilitating of the Relevant Objectives

Corona accords with the assertions made in the Draft Report that implementation of this Modification Proposal would better facilitate Standard Special Conditions A11 1(a) and (f) of the GT Licence. In addition, Corona would argue that it better facilitates SSpC A11 (d) (i) of the Licence, on the basis that it limits exposure to Users. The level of exposure to each individual User is determined by subsequent smearing formulae which do not necessarily reflect the impact of the default on the User, particularly as the level of exposure cannot be directly managed by the individual User.

Impacts on Security of Supply, Total System operation and industry fragmentation

Corona does not believe that there will be any impact in this regard.

Implications for Transporters

a) operation of the system

None

b) development and operating costs

None

c) cost recovery

None

d) consequences on price regulation

None

Impact on contractual risk for transporter

None

Impact on UK Link and other Systems

None

Impacts on Users, including contractual risk etc...

Clearly, this Modification Proposal would permit more proactive and immediate management of financial exposures by the community via the EBCC. For reasons stated previously, the Modification Proposal should be considered on the basis of the current levels of risk incumbent upon Users and whether that level of risk can be justified. In our opinion the financial risk to Users cannot be justified as it is purely the result of an administrative anomaly.



Impacts on Terminal Operators, Consumers, Connected Systems Operators, Suppliers, Producers, and any non-Code Parties

None

Consequences on legal and regulatory obligations for all Parties

None

Advantages of the Modification Proposal

- Limits financial exposure of the Community as a result of Energy Balancing risk
- Permits the Industry, via the EBCC, to play a more proactive and immediate role in managing risk
- Is consistent with the objective of permitting the EBCC to best manage community risk.

Disadvantages of the Modification Proposal

None

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Gary Russell".

Gary Russell
Finance Director