



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 0103: "Introduction of the right for the Energy Balancing Credit Committee to instruct National Grid NTS as to appropriate Recovery Steps in respect of Energy Balancing debt"

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.

Following on from our response to modification proposal 102, BGT believes that the value at risk that Users face from a shipper business failure is now higher than ever. This comes as a result of the prevailing high commodity costs leading to an increased risk of business failure, combined with potentially high bad debt when a shipper does fail.

BGT therefore believes that it is prudent to continue to seek ways of protecting the shipping community from this prevailing risk exposure.

This modification aims to reduce the cost of any shipper business failure by allowing the EBCC to instruct National Grid NTS to take action against the failing party. Such action will help in reducing the overall burden that will fall to other Users. Crucially, this modification also provides NG NTS with neutrality protection where it does take action.

BGT believes that the EBCC is the organisation that is best placed to review the facts in respect of a potentially failing shipper, and subsequently make decisions about the best course of action to be followed.

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