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Modification Panel Secretary
Joint Office of Gas Transporters
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22 September 2006

Dear Julian,

Modification Proposal 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 providing SGN with the opportunity to comment on the above modification proposals.

I can confirm that SGN supports the proposal.

SGN agrees that NTS should be protected from exposure when acting in accordance with instructions relating to Recovery Steps and such action should not prevent or delay recovery of NTS Transportation debt. SGN also agrees that NTS should be required to convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable following the issue of a Termination Notice to a defaulting User. At that meeting NTS should advise the EBCC of the details and circumstances surrounding the termination, but more importantly, seek instruction from the EBCC on the most appropriate recovery action to be taken in order to curtail the community's exposure to avoidable financial loss. SGN believes that such actions to minimise the community's exposure will facilitate the relevant objectives. Robust and transparent procedures will help facilitate the economic and efficient operation of the system and promote efficiency in the implementation and administration of the UNC. Furthermore, the reduced risk to Users should help facilitate competition.

We do not envisage major costs as a result of implementing this proposal as changes are only procedural. We therefore agree that implementation is feasible within the timescales specified within the proposal.

We hope you find these comments helpful.

Yours sincerely

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