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Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
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Dear Julian,

Modification Proposal 0107: Specially Commissioned Credit Ratings.

Thank you for providing SGN with the opportunity to comment on the above modification proposals.

I can confirm that SGN supports the proposal.

SGN believes that implementation of consistent credit processes should help ensure that there is no inappropriate discrimination and no inappropriate barrier to entry and would support the securing of effective competition between relevant shippers.

Although implementation of this Modification may increase the value of unsecured credit, which could be a concern we understand this level of risk is equivalent to that currently permitted by the UNC for Users which have an Approved Credit Rating provided by Moody's or Standard and Poor's. SGN agrees with the Proposer that Users should bear the costs of the initial assessment any periodic reviews where required.

We believe the proposal will introduce more robust arrangements which should better reflect the recommendations contained in Ofgem's conclusion document 'Best practice guidelines for gas and electricity network operator credit cover' 58/05.

SGN believes there to be no significant operational or procedural costs if this proposal were to be implemented.

We hope you find these comments helpful.

Yours sincerely

By email.

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