

Julian Majdanski
UNC Modification Panel Secretary
Joint Office of Gas Transporters
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30th October 06

Mod Ref 0114
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Dear Julian,

Representation for Modification Proposal 0114 "Quantification of Value at Risk (VAR) to determine maximum User Credit Security Requirements"

On behalf of RWE npower, I would like to thank you for the opportunity to respond on Modification Proposal 0114. RWE npower support the implementation of this modification proposal as we believe it represents practical solution to a continuing problem. This proposal if implemented would ensure that there are no inappropriate discrimination and no inappropriate barrier to entry for Users by allowing for minimum level of required security of Transportation invoice charges.

RWE npower agree with the proposer that by adopting a 'Value at Risk' (VAR) mechanism to determine the minimum value of credit limit required to be in place, that is, the value of all Transportation charges invoiced to the User within the previous calendar month, plus a value equivalent to fifteen days of the average daily charge will provide Users with the ability to optimise their commercial position thereby reduces the amount of credit lodged by Users without cause. This proposed methodology would equally benefit all Users (shippers with large domestic portfolios included) thus facilitating effective competition between relevant shippers.

Should you like to discuss the above please do not hesitate to contact me

Yours sincerely,

Simon Howe
Gas Network Codes Manager

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