



Mr J. Majdanski
Secretary, Modification Panel
Joint Office Ground Floor Red
51 Homer Road
Solihull
West Midlands
B91 3QJ

Centrica Energy

Millstream East
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Tel. (01753) 431242
Fax (01753) 431150

Our Ref.
Your Ref.

16 January 2007

Dear Julian,

RE: New Modification Proposal 0127 "Introduction of a DN Pensions Deficit Charge on DNO Users"

Thank you for the opportunity to comment on this Modification Proposal. British Gas Trading (BGT) supports its implementation.

By way of background, throughout the TPCR and DPCR process British Gas Trading (BGT) has strongly opposed the proposed approach to repairing the pension deficit. We continue to believe that the outcome of the process is overtly generous to GDNs, shifts risk from GDNs onto consumers to an unacceptable extent – without compensating those consumers for that additional risk, and, we believe, protects GDNs from risk to a greater extent than comparable, non-regulated companies.

That said, we recognise that arguments in respect of the appropriateness or otherwise of any pension deficit recovery belong within the TPCR/DPCR arena, have been considered throughout the various consultation exercises. Now that Transporters have accepted Ofgem's final proposals, we anticipate that these proposals will be transferred into licence obligations. Therefore, this UNC modification proposal is simply seeking efficient implementation of the outcome of that process.

Whilst we have yet to see licence drafting, we would anticipate that this proposal will better facilitate the achievement of A11.1(c), by furthering the efficient discharge of the licensee's obligations under its Transporter licence.

Please contact me if you require any further information.

Yours sincerely,

Chris Wright
Contracts Manager