



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.

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Dear Julian,

**RE: Draft Modification Report 0143: Reduction of lapse periods in respect of Failure Notices issued in respect of Energy Balancing Credit”.**

Thank you for the opportunity to comment upon this modification proposal.

British Gas Trading (BGT) raised modification proposal 0102 last year following discussions at the EBCC about the financial exposure to Users from smeared energy balancing charges in the event of a shipper failure, and ways in which that exposure could be mitigated. It sought to reduce that risk by limiting the period over which debts could accrue prior to a termination notice being issued. The mechanism for reducing the lapse time was to remove certain notices from the debt path.

Ofgem decided not to implement that proposal, a primary concern being that such a regime would lack appropriate safeguards to alert the affected Users to the fact that it was infracting the Code.

This revised proposal takes account of Ofgem’s concerns as set out in its rejection of 0102 by retaining all of the notices in the current baseline, but reducing the period given to Users to react to those notices before Termination from the Code. The effect of these changes is to set out a regime that is less harsh than envisaged by 0102, but nevertheless achieves much the same result. Against this background BGT fully supports its implementation.

By seeking to limit the exposure of the shipping community (and therefore end consumers) to financial loss from smeared charges, BGT believes that this modification furthers the relevant objective of facilitating the securing of effective competition between relevant shippers.

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**