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Dear Tim,

**RE: Modification Proposals 0144 / 0144AV – Quantification of Value At Risk (VAR) to determine a User’s Minimum Code Credit Limit Requirement**

Thank you for the opportunity to respond to the above Modification Proposal and alternative. E.ON UK **supports** both Modification Proposals 144 and 144AV. Of the two Proposals, we believe that Mod 144AV better facilitates the relevant objectives.

We agree that implementation of Proposals 144 and 144AV, introducing a Transporter Value at Risk mechanism to determine the minimum value for which a User must provide security, will bring greater consistency to credit arrangements.

Although the extent to which the Proposals best reflect the recommendations of the Ofgem Best Practice Guidelines provide a useful reference point, we believe that Proposals must be assessed against the relevant UNC objectives. With this in mind, we agree with the Proposer that both 144 and 144AV better facilitate relevant objective SSC A11.1 (d), in so far as greater consistency in credit arrangements is likely to reduce inappropriate discrimination and barriers to entry, thus facilitating competition between relevant shippers.

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We also believe that additional benefits could be realised if the Value at Risk to all parties (should a User default on invoiced Transportation Charges) is most appropriately reflected. By removing the potential for under-securitisation at certain times of the month and accounting for the relevant invoice due date under the UNC being on the 20<sup>th</sup> of each month, we believe that Modification 144AV better facilitates the relevant objectives than Mod 144.

If you have any questions or queries regarding this response, please do not hesitate to contact me.

Yours sincerely

**Alexandra Campbell** (by email)  
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E.ON UK