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Our Ref.  
Your Ref.

29 June 2007

Dear Julian,

RE: Modification Proposal 0148 – “Aggregation of Credit Positions, or Use of Group Ratings”

Thank you for the opportunity to comment on this proposal. British Gas Trading (BGT) offers qualified support for this proposal.

A fundamental principle applied in other credit related proposals is that where two credit ratings have been obtained and are in existence, only the lower of the two shall be selected for the purposes of affording credit. BGT identified in its response to this proposal's predecessor – 0112 – that such a provision was lacking in respect of Parent company Guarantees. We note that, similarly, this proposal is also silent on the issue of how multiple ratings are treated.

Overall, we are supportive of this proposal, but believe this omission renders it deficient. On this basis, our support is qualified.

Should you have any queries with regard to this response please do not hesitate to contact me.

Yours sincerely,

Chris Wright  
Commercial Manager