



Modification Panel Secretary
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
West Midlands
B91 3QJ

11 September 2007

Dear Julian,

Modification Proposal 0167: Changes to Reconciliation Arrangements under CSEP NExA

Thank you for providing SGN with the opportunity to comment on the above Modification Proposal.

SGN supports implementation of Modification Proposal 0167.

The proposal has been developed following lengthy industry discussion involving all stakeholders. No objections were raised by any stakeholders throughout that process and as a result the Modification Proposal has been put forward by SGN to allow formal industry consultation.

SGN believes the proposal offers a pragmatic and timely solution to the historical problems associated with CSEP reconciliation. We believe implementation of the above proposal as a one off exercise will allow outstanding reconciliations to be carried out on a reasonably accurate and equitable basis, providing a platform from which the industry can move forward in accordance with the current contractual arrangements as set out in the UNC, iGT UNC and CSEP NExA.

We believe implementation of the above proposal is required to allow the industry to move forward, with reconciliation being carried out as intended, minimising any cross subsidy through RbD. As such we believe implementation of this proposal would help secure effective competition between Shippers and between Suppliers.

We believe reconciliation arrangements as set out under the commercial framework are sufficiently robust for the enduring regime, providing they are adhered to, as such this proposal has not set out any changes in this regard. We recognise this does not preclude further enhancement.

We hope these comments are helpful.

Yours sincerely

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