



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

Centrica Energy

Millstream East
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Tel. (01753) 431059
Fax (01753) 431150

Our Ref.
Your Ref.

11 September 2007

Dear Julian,

RE: Modification Proposal 0167: "Changes to CSEP Reconciliation Arrangements under CSEP NExA"

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

This proposal seeks to implement a one-off process to address the large number of instances across the industry where data is either missing, or potentially of suspect quality, which in turn prevent ongoing reconciliation of the supply points in question. The impact of not properly reconciling these supply points is that the energy in question is smeared across the RbD supply sector, and is felt ultimately by end consumers in that sector, in the form of higher prices. This is clearly an unacceptable outcome.

It is disappointing that this process will result in an outcome that is not strictly accurate in terms of allocating historic energy, however we recognise that this is a pragmatic attempt to close out historic issues which appear have no other means of conclusion. We also have concerns about the short (10 day) period allowed for shippers to challenge initial reconciliation values.

The clear upside will be that this attempt to implement a "clean sweep" of these problematic sites should allow future reconciliations to take place in accordance with agreed procedures to the benefit of the RbD sector, and end consumers in that sector. This is therefore an investment in future accuracy.

Removing this current cross subsidy between sectors, thereby correctly allocating costs on those who incur them, will further facilitate the relevant objective of securing effective competition between relevant shippers.

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

Yours sincerely,

Chris Wright
Commercial Manager