



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.

8 February 2008

Dear Julian,

RE: Modification Proposal 0186/0186A – Provision of Cost Information

Thank you for the opportunity to comment on this proposal and its alternate.

British Gas Trading (BGT) strongly supports implementation of Modification Proposal 0186, we have been actively involved in its development and believe that it will significantly improve the information available to Shippers in respect of helping them forecast the future path of distribution charges.

We consider that the provision of quarterly information with explanatory commentary, even with the caveats attached, will better facilitate the relevant objectives, in particular, securing effective competition.

We understand the concerns of some Gas Distribution Networks (GDNs), in respect of forecasting based on a rolling five year period, but believe that these concerns are adequately addressed by the caveat under the table in Modification Proposal 0186. The caveat acknowledges the difficulty and reflects that any forecasts for the period post the end of the "current" price control period pending the relevant price control review will be based on agreed assumptions, which will take into account any appropriate Ofgem publications. This aspect will clearly need to be reflected in the legal text.

BGT does not support implementation of Modification Proposal 0186A. Whilst the differences between the two modifications appear minor, in our view they are significant. The caveat below the table in 186A reduces the requirements on the GDNs to the point that they merely have an obligation to "discuss" possible outcomes of the next price control. This does not meet the need. As we understand 186A, the result of the proposal would be to leave gaps in the reports rather than populating the reports based on assumptions.

Page 1

A **centrica** business

British Gas Trading Limited Registered in England No.3078711. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD
www.gas.co.uk

We believe that the intention behind Modification Proposal 0186 (and its associated caveat) is to ensure that reports and forecasts are produced consistently, based either on actual data or documented, agreed assumptions, i.e. the reports continue to be populated, but will be updated as improved data becomes available. As the assumptions are published, all shippers can take their own view as to the weighting they wish to give these reports in their forecasting processes.

BGT believes that the legal text is going to be extremely important in respect of these two modifications, especially in the light of the concerns of some GDNs. We were disappointed with the effect of Modification Proposal 698 when this was approved. The Ofgem decision letter for Modification Proposal 698 clearly reflected the desire for a commentary on the assumptions underpinning the forecast to be provided. However, this requirement was not translated into the legal text, and hence commentary was not provided.

Given this history, BGT is disappointed that draft legal text has not been provided with the draft modification report. We feel strongly that Users should have the opportunity to review and comment on the legal text in advance of Ofgem's decision to ensure that all parties are comfortable that the intent of the modification has been achieved. We hope that Ofgem will require the legal text to be made available for review and comment in advance of their decision.

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

Yours sincerely,

Chris Wright
Commercial Manager