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Our Ref.  
Your Ref.

7 February 2008

Dear Julian,

RE: Modification Proposal 0190: "Clarification of Aggregation of Credit Positions using a Guarantee from a Security Provider"

Thank you for the opportunity to comment on this proposal. British Gas Trading offers qualified support for its implementation.

We maintain a certain degree of nervousness about further extending the current scope for Users to obtain credit for transportation service, given the additional risk to the remainder of the shipping community should a User default on payment. That said, it would appear that the current arrangements are deficient in that they do not fully align with Ofgem's view of best practice, therefore possibly acting as a barrier to entry. In addition, we understand that this is also causing unnecessary administration for Transporters in responding to queries about arrangements that are not clear.

We therefore agree with the proposer that implementation of this proposal will better facilitate competition between relevant shippers by providing a further alternative to secured credit – thereby potentially lowering a barrier to market entry. We also believe that efficiency in the administration of the UNC will be enhanced.

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

Yours sincerely,

Chris Wright  
Commercial Manager

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