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Modification Panel Secretary
Joint Office of Gas Transporters
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Dear John

Modification Proposal: 0233 Changes to Outstanding Energy Balancing Indebtedness Calculation

Thank you for providing Scotia Gas Networks with the opportunity to respond to Modification Proposal 0233. SGN is in support of this Modification proposal.

This modification proposal together with 0234 and 0235 which have been raised in light of the failure of Lehman Brothers Commodity Services Inc. are welcomed by SGN. SGN appreciates the work which has been undertaken by the Energy Balancing Credit Committee who have carried out a review of the Energy Balancing Credit Rules and relevant sections of the UNC to ensure credit controls are more stringent.

SGN agree the proposed changes to the UNC Sections X2.7.1 and X2.5.1 would allow the current rules to be more flexible thereby allowing a User to provide more up-to-date data thus avoiding possible financial losses and / or potential Termination, and would allow National Grid NTS to process any adjustments or amendments for a User's Anticipated Relevant Balancing Indebtedness. Where such data is used, it is further proposed that National Grid NTS provide suitable supporting data to that User for validation purposes.

Extent to which implementation of the proposed modification would better facilitate the relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) and (c), the securing of effective competition:

SGN agree implementation of this proposal would better facilitate this objective as there would be a provision for greater discretion in how information available to xoserve is interpreted and would also broaden the currently restricted ability for a User to appeal the Cash Call under certain circumstances.

SGN understands if this proposal was to be implemented there would be some development costs incurred to automate some of the manual processes.



We hope you find these comments helpful.

Yours sincerely

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