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Modification Panel Secretary
Joint Office of Gas Transporters
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Dear John

Modification Proposal: 0234 To Correct Drafting Inconsistencies between Sections X and V of the UNC in Respect of User Default and Termination

Thank you for providing Scotia Gas Networks with the opportunity to respond to Modification Proposal 0234. SGN is in support of this Modification proposal.

This modification proposal together with 0233 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 discrepancies which have been identified between UNC TPD Sections V and X need to be aligned. Implementation of this proposal will allow changes to UNC TPD Section X to be made which would reduce Users exposure, in the event of a decision to terminate, by one day.

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 consider implementation of this Modification Proposal would reduce Users' exposure to unnecessary risk .it would help secure effective competition by minimising any potential costs to all shippers and suppliers from a User Default.

SGN believe there to be no costs associated with implementation of this proposal.

We hope you find these comments helpful.



Yours sincerely

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