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Modification Panel Secretary
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Dear John

Modification Proposal: 0235 Recovery of Debt and Smearing of Revenues via Energy Balancing Neutrality

Thank you for providing Scotia Gas Networks with the opportunity to respond to Modification Proposal 0235. SGN is in support of this Modification proposal.

This modification proposal together with 0233 and 0234 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 consider this proposal to be a fair and equitable way forward to protect new entrants who are currently liable for Neutrality Charges relating to default of payments by other User/s in previous months. SGN believe implementation of this Modification Proposal would remove this potential barrier for new Users.

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

Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence:

The potential inequity that results from the current application of the code may be a barrier to entry and may discriminate unduly against smaller Users. By removing this aspect implementation would be expected to facilitate the achievement of this relevant objective.

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

Implementation, by removing a potentially inequitable aspect of the current provisions, and in turn removing a potential barrier to entry, would be expected to facilitate the achievement of this relevant objective.



We hope you find these comments helpful.

Yours sincerely

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