

Representation

Draft Modification Report

0360 - Removal of Credit Rating Restrictions from Definition of Parent Company

Consultation close out date: 19 May 2011
Respond to: enquiries@gasgovernance.co.uk
Organisation: **Opus Energy Ltd**
Representative: Philip Hayward
Date of Representation: 13 05 2011

Do you support or oppose implementation?

Support *delete as appropriate*

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

Opus Energy Ltd would like to support **Modification 0360 - Removal of Credit Rating Restrictions from Definition of Parent Company**. We believe that current restrictions penalise smaller suppliers, who should have the opportunity to rely on parent company guarantees as much as credit rated entities. Removing this restriction should reduce the credit costs of smaller suppliers and therefore increase competition and lower barriers to entry, as per the aims of the gas code

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

It facilitates objective d) Securing of Effective Competition

Allowing smaller suppliers to benefit from parental company guarantees stops them from having to use more costly methods. This would benefit competition by placing them on a more level playing field with larger suppliers.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

None

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

Agree that it should be implemented as soon as reasonably possible, preferably before 1 July 2011. Other changes under UNC305 which impact on credit arrangements will come in to affect on this date and it would be sensible if this proposal was ready to help those parties affected by these changes.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

Yes

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No