



07 October 1996

Direct Dial : 0171-932-1653

All Shippers

Dear Shipper

Modification 0085: Reduction in secured Credit Limit to £100,000

Modification 0085 follows from Modification 0074 which Ofgas rejected. In a letter to all shippers on 27 September Ofgas set out the concerns it had with Modification 0074. We had not seen sufficient analysis to show whether unsecured credit is being used primarily by small or medium sized shippers, were concerned that the proposed implementation date did not allow sufficient time for affected shippers to put in place other forms of security and were also concerned that the timescale would not allow adequate debate of the appropriate level. In addition we noted that shippers had complained that continuing inaccuracies in Energy Balancing invoices would increase the level of credit required by them.

The new proposed modification addresses most of the concerns raised in Ofgas' letter of 27 August. The modification suggest an open forum meeting on 11th October and suggests a later implementation date for the modification. In addition TransCo has provided to Ofgas some analysis of the utilisation of the Community Risk Secured Credit Limit. Given the response, Ofgas has accepted that this modification should be treated as urgent. However, we would suggest that the open forum meeting addresses the problems faced by those shippers receiving inaccurate Energy Balancing invoices, the implementation date and level of any reduction in the Secured Credit Limit and looks at ways of graduating the Secured Credit Limit amount made available under 2.2.2 of the Network Code Supplement. We also suggest that the forum discusses the timetable for consultation.

Yours sincerely

A handwritten signature in black ink that reads "Megan Goss".

Megan Goss
Manager, Regulation and Business Affairs