

15 May 2006



Julian Majdanski  
Modification Panel Secretary  
Joint Office of Gas Transporters  
Ground Floor Red  
51 Homer Road  
Solihull  
West Midlands B91 3QJ

Dear Julian

**Re: UNC Modification Proposal 0077**

Corona Energy ("Corona") wishes to submit the following in response to the above modification proposal draft report.

Corona supports the implementation of this proposal as we believe it would better facilitate the achievement of the Relevant Objective, specified in Standard Special Condition A11.1 of the GT Licence, in particular;

*d) "the securing of effective competition between relevant shippers;"*

Corona believes that the current arrangements are unsustainable and need to be amended to provide a more level playing field for all shippers. UNC Section V para 3.2.5 states that where the relevant published credit rating is revised downwards to the extent that it is less than the minimum required as set out in the Code Credit Rules then the relevant User's Code Credit Limit may be immediately reviewed and revised. This action reflects the risk to the community of a downward revision in a credit rating and requires immediate review and potential remedy. It should be noted that modification proposal 0031 implemented in January 2006 set out predetermined levels of credit with reference to individual credit ratings.

In the event that a credit rating is downgraded either to a level below the minimum level permitted, or to a level below that which it was previously maintained, then it is clear that the level of default risk increases. This is borne about by the levels of credit awarded under modification proposal 0031. In order to mitigate against this risk, it is entirely appropriate that the relevant transporter reviews the situation and takes immediate action to consolidate the debt position and maintain an exposure consistent with that provided under modification proposal 0031.

Corona sees the modification as a necessary fix to the anomaly which exists in UNC, but is sympathetic to the one month's lead time for implementation to permit



Users and transporters to make the necessary changes to internal processes and procedures.

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely

Gary Russell  
Finance Director