



Mr J. Majdanski
Secretary, Modification Panel
Joint Office
National Grid Gas

Centrica Energy

Millstream East
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Tel. (01753) 431059
Fax (01753) 431150
Our Ref.
Your Ref.

30 November 2006

Dear Julian,

RE: MODIFICATION PROPOSAL 0099 – “Management of erroneous domestic AQs during the registration process”

Thank you for the opportunity to comment on the above modification proposal. British Gas Trading (BGT) offers qualified support for this proposal.

Our qualification rests upon the basis that during development within the Distribution Workstream, it was made clear that the intention of this proposal was that *both* of the conditions precedent, these being:

- A Change of Supplier process; and
- Domestic properties with AQ above industry recognised threshold of 293,000 kWh i.e. monthly meter read cycle

must exist in order for this revised process to apply.

Having reviewed the legal text provided within the draft Modification Report, it is not clear that what is described accords with our understanding of how the process should work. In particular, the legal text might tend to suggest that this revised process should apply where *either* of these criteria was met. We would like to see the legal text amended to ensure that there can be no misinterpretation of the Workstream's intentions.

Where the revised process is used as set out above, we agree with the views of the Workstream, namely that cross subsidies inherent in the current process will be removed through more accurate cost allocation between Users. This, in turn, will facilitate the securing of effective competition between relevant suppliers and shippers.

We also agree with the further findings of the Workstream, that by negating the requirement for customer contact, and removing the need for such detailed information to be provided to Transporters in support of an AQ revision in these circumstances, both the

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efficient operation of a pipeline system and the efficient implementation of the UNC will also be facilitated.

To a degree the facilitation of this latter relevant objective is dependent upon volumes to be processed, and the costs associated with those volumes. We therefore agree with the views of the proposer, as set out in the original proposal, for some form of ongoing monitoring, in order to ascertain whether this proposal represents an improvement over the current UNC baseline.

Finally, we recognise that this proposal only addresses the downgrading of erroneously high AQs. To the extent that there will be supply points with erroneously low AQs, we believe it could be a useful exercise to consider how these might best be quantified, and if necessary tackled, as a separate issue piece of work.

Please don't hesitate to contact me if you have any queries about this response.

Yours sincerely

Chris Wright
Contracts Manager