

03 August 2007

Julian Majdanski
UNC Modifications Secretary
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Dear Julian

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**Response to Uniform Network Code Modification Proposals:
0152V, 0152AV, 0152VB Limitation on retrospective invoicing and
invoice correction**

Thank you for the opportunity to respond to the above modification proposal. Gaz de France ESS does not support the implementation of Modification Proposal 0152V. Gaz de France ESS supports the implementation of Modification Proposals 0152AV and 0152VB. Of the two proposals that we support we have a preference for 0152VB.

Gaz de France ESS supports the principle of all three proposals to reduce the uncertainty associated with retrospective gas and transportation charges. An enduring solution to this issue is long overdue, the current backstop dates back to February 1998, which offers the potential for charging reconciliations dating back nearly 10 years. This clearly introduces unmanageable risks (at a micro level) for suppliers in a competitive market where customers switch suppliers regularly.

The three models on offer differ only by the period covered by the annual rolling close-out mechanism. As a supplier to the Industrial and Commercial market Gaz de France ESS is conscious of the risks associated with the 4-5 year model (UNC 0152V). Suppliers to the Industrial and Commercial market can face claims from their customers for up to 6 years under the Statute of Limitations Act. Whilst we encourage a swift approach to closing out retrospective billing Gaz de France ESS considers the 4-5 year model introduces too much risk over and above the status quo.

Modification Proposal 0152VA seems to wholly mitigate the risks borne by suppliers as stated above and so better facilitates competition, however out of all the models it has the longest reconciliation period. Gaz de France ESS supports the implementation of Modification Proposal 0159AV however we consider that proposal 0152VB achieves the best solution.

Given that the prospect of customer claims on suppliers is likely to erode over time the 5-6 year model provides a reasonable level of protection

whilst retaining a relatively short reconciliation period. On average 5 and a half out of 6 years will be covered with regard to potential Statute of Limitation claims, therefore more than 90% of risk is mitigated.

I trust these comments are helpful, if you have any queries regarding this response please contact me on 0113 306 2104.

Yours sincerely



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