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Our Ref.
Your Ref.

28 September 2007

Dear Julian,

RE: Modification Proposal 0173: "Obligations to process data received from IGTs in line with requirements within Annex A of the CSEP NExA"

Thank you for the opportunity to comment on this proposal. British Gas Trading (BGT) supports its implementation.

Given the nature of the UNC – a contract between Transporters and Shippers – it is essential that the actions required of any Party by the Code are clearly understood and carried out in full with both the spirit and the wording of the Code. It is therefore necessary for the spirit and the wording to be aligned.

This modification proposal highlights an issue that has become apparent to Transporters and their agent, xoserve, whereby the intention of the proposal - 0083, as understood through the development of the proposal and its associated business rules, was not accurately captured by the legal text for that proposal. This led to the Transporters' agent using its discretion to operate in accordance with the intention of the modification, rather than the legal wording.

In the circumstances we believe that xoserve's actions were probably correct, although we understand that the misalignment between intent and UNC legal drafting was known about some time ago. Whilst not intended as a criticism, it might have been more appropriate for that misalignment to be brought to light at an earlier stage. We also agree with the decision of the Modification Panel that this matter is best managed through the modification process, rather than through seeking Consent from Ofgem to modify the existing legal text.

It would seem evident that aligning the legal text, as intended by this proposal, with the intention of modification 0083, and indeed with way in which xoserve has been acting, can

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only promote efficiency in the administration and implementation of the UNC, further to that relevant objective. To the extent that such an alignment also creates additional certainty amongst relevant shippers, there could also be an argument around the securing of effective competition.

We have raised with the proposer a couple of points in relation to the proposed legal text for this modification. Specifically, these are around the presence of a square bracket in 6.5.7, and whether the term Supply Point, also under 6.5.7, should be in inverted commas since it refers to a defined UNC term. Unfortunately BGT has had to submit this response significantly before the consultation deadline, but we are confident that the proposer will address these points, if it is considered necessary to do so.

Should you have any queries with regard to this response please do not hesitate to contact me.

Yours sincerely,

Chris Wright
Commercial Manager