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Our Ref: AHT/Mod 0190 response

Dear Julian

Representation to Modification Proposal 0190: Clarification of Aggregation of Credit Positions using a Guarantee from a Security Provider

Thank you for the opportunity to respond to this Draft Modification Report (DMR). National Grid Transmission supports Modification Proposal 0190.

Although we offer support for this Modification Proposal, recognising that genuine clarifications to the UNC should prove beneficial to the industry, this area of the UNC has been the subject of numerous modifications over recent years. We consider that the industry would benefit from a period of relative stability regarding the recently implemented gas transportation credit arrangements to allow the arrangements to “bed down”.

We note the suggestion made at the January 2008 Distribution Workstream meeting to establish a cross-industry group to review and maintain the Best Practice Guidelines established by Ofgem (“Best practice guidelines for gas and electricity network operator credit cover conclusions document”, Feb 2005). We consider that a review of the guidelines, if conducted annually for example, would be more efficient than proposing minor changes on a piecemeal basis.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Standard Special Condition A11.1(d) so far as is consistent with sub-paragraphs (a) to (c), the securing of effective competition: (i) between relevant shippers

We agree that implementation of consistent credit processes which move towards recognised best practice will help ensure that there is no inappropriate discrimination and no inappropriate barrier to entry. This measure facilitates the securing of effective competition between relevant shippers.

Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

We also agree that implementation of this Proposal would add some clarity to UNC TPD Section V in respect of the use of a Guarantee in addition to a User's own maximum Unsecured Credit. This should therefore promote greater efficiency in the administration of the UNC.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

Additional clarity in the area of transportation credit arrangements within the UNC should prove beneficial to all those who are affected by such arrangements.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

National Grid Transmission agrees that this proposal could be implemented immediately following the Authority's decision.

Yours sincerely

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Senior Commercial Analyst**