



Perrie Street
Dundee
DD2 2RD

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

November 2006

Dear Julian

Modification Proposal 0191: Discontinuance of Code Credit Rules

Thank you for providing SGN with the opportunity to comment on this Modification Proposal. Scotia Gas Networks supports implementation of this Proposal.

SGN notes that a Variation Request to this Modification Proposal has been submitted to remove a further reference to the Code Credit Rules in UNC TPD Section G 2.1.10(b); we agree with the Proposer that it represents an immaterial change and does not in any way alter this response.

Several Modification Proposals were implemented under the UNC TPD in the latter part of 2007, in compliance with the Ofgem Best Practice Guidelines. Prior to these Modifications Proposals being introduced, the rules surrounding Transportation credit arrangements were set out in the Transporters Code Credit Rules (per UNC Section V3.1.2). This Modification Proposal 0191 seeks to remove the remaining references to the Code Credit Rules on the basis that all material provisions are now incorporated under the UNC. SGN supports this approach.

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; (ii) between relevant suppliers;

SGN agrees that implementation of the Modification Proposal would remove any ambiguity between UNC and Code Credit Rules and Users would have a single reference point for information relating to transportation credit arrangements. As such there should be greater clarity and consistency. This should help facilitate the securing of effective competition.

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,

SGN also agrees that implementation of this Modification Proposal should promote greater

efficiency in the administration of the UNC, by:

- improving transparency of arrangements
- ensuring consistency where appropriate between Transporters and with other UNC arrangements and
- ensuring any future change is implemented in a transparent and co-ordinated manner following industry wide consultation through the UNC modification arrangements.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including:

(b) Development and capital cost and operating cost implications:

SGN agrees with the Proposer that there will be no significant costs associated with implementation of this proposal.

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

Disadvantages

SGN note that Code Credit Rules currently go beyond the scope of recent Modification Proposals in that they often provide additional information and guidance which assists Users in understanding the Transportation credit arrangements. This can help reduce the number of queries which need to be referred by Users to Transporters. SGN is keen to maintain such support where required by Users, either directly or through a guidance document. We note the proposal does not preclude this. If this Modification Proposal is implemented SGN will give further consideration to what if any additional support may be required and how best to provide this.

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

SGN agrees that this proposal could be implemented immediately following the Authority's decision.

We hope you find these comments helpful.

Beverley Grubb
Scotia Gas Networks
Direct Tel: 01382 613037
Mobile Tel: 07817 215077
Email: Beverley.grubb@scotiagasnetworks.co.uk