

Mr. John Bradley
UNC Panel Secretary
Joint Office of Gas Transporters
1st Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT

4 September 2009

Dear John,

RE: Modification proposal 0260 - Revision of the Post-emergency Claims Arrangements

Thank you for the opportunity to respond to this consultation. British Gas Trading supports the implementation of this modification proposal.

The aims of this proposal are, in principle, straightforward - delivering greater certainty around the price received for "long" gas positions, and targeting the cost of these payments solely towards short shippers. Notwithstanding this, this proposal has attracted significant development and debate.

This has highlighted, for example, the complexity of emergency arrangements (particularly worrying where actions required by shippers differ significantly from normal day to day operations e.g. the use of the OCM physical market), and the potential uncertainty faced by shippers over their own end of day balance position (and therefore the volume of gas available to them to trade on the OCM) and/or the potential inability of a shipper to rectify a short position.

A further difficulty which we continually grappled with during the debate around this proposal is that the extent to which it may offer benefits will differ depending upon the nature of the emergency, e.g. single ASEP or nationwide, within day or a protracted crisis. Nevertheless, we are of the view that this proposal does set out an improvement over prevailing arrangements under almost all possible scenarios, and are therefore happy to lend our support.

Finally, however, we would comment that the associated debate around this proposal has also highlighted the need for an extensive review of emergency arrangements (and the need to ensure players are sufficiently familiar with them), rather than an approach involving incremental improvement.

We agree with the proposer in respect of the relevant objectives that this proposal seeks to further.

Please contact me if you would like to discuss this response

Yours sincerely,

Chris Wright
Commercial Manager