

Mr. Julian Madjanski  
Joint Office of Gas Transporters  
Ground Floor Red  
51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

Your ref  
Our ref  
Name Chris Hill  
Phone 01905 340693  
Fax  
E-Mail [Christian.hill@rwenpower.com](mailto:Christian.hill@rwenpower.com)

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**Re: Modification Proposal 0147: Administration of Unsecured Credit Afforded on the basis of Payment History and Independent Assessment Version 1.0**

Dear Julian,

RWE Npower supports the implementation of the above proposed modification. We feel that this modification would be of benefit in reducing the current risk to Users of losing all of their Unsecured Credit as a result of the inadvertent late payment of a small value Transportation invoice.

We welcome National Grid's recognition of the fact that the current arrangements for total withdrawal of this facility in the case of such an invoice being of low value are unduly severe. We feel it appropriate that on the occasion of the first late payment, the proposed fifty percent reduction in the size of the User's Unsecured Credit in the case of the invoice in question being two hundred and fifty pounds or less in value is not as punitive as under the current arrangements. However, this reduction is also of a sufficient level to incentivise the prompt payment of invoices outstanding to Transporters.

We also agree that the late payment of Transportation invoices larger than two hundred and fifty pounds should result in the total withdrawal of the Unsecured Credit facility in the first instance as prompt payment of larger amounts needs to be incentivised at a higher level.

On the subject of re-assessment of Unsecured Credit provided on the basis of an Independent Assessment, we agree with National Grid's view that, when such re-assessment is initiated by the Transporter, the Transporter should then bear the cost of this.

It is also appropriate that the User should be able to select a Credit Rating Agency, out of a choice of three specified by the Transporter, to conduct the necessary assessment.

If you wish to discuss any points raised in this response further, please do not hesitate to contact me.

Regards,

Chris Hill

Gas Codes Analyst



Oak House  
Bridgwater Road  
Worcester WR4 9FP

T +44 (0)1905/34 05 21  
F +44 (0)1905/34 04 88  
I [www.npower.com](http://www.npower.com)

Registered office:  
Npower Limited  
Windmill Hill Business  
Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 3653277