

Julian Majdanski
Joint Office of Gas Transporters
31 Homer Road
Solihull
West Midlands
B91 3LT

8 August 2008

Dear Julian,

Re: **UNC Modification Proposal 201V – Small value invoice payment deferral**

Thank you for the opportunity to respond to this Modification Proposal. Northern Gas Networks supports the implementation of this Modification Proposal.

Northern Gas Networks (NGN) agrees with the proposer that the opportunity to batch small value, ad-hoc invoices would be beneficial to both Shippers and Transporters. Currently, failure to make payment for any invoice on or before the Due Date will result in charges to the paying party which may be considerably in excess of the value of the invoice itself. While this provision is a deterrent for consistent late payment and drives the appropriate behaviour, it can also result in large bank charges for making small payments.

This modification, in NGN's opinion, correctly excludes the main transportation invoice types which will maintain appropriate behaviour in relation to payment terms. The exclusion of Energy Balancing invoices is also appropriate due to the "neutrality" of such invoices. Care should be taken in producing legal text to ensure that all "neutral" invoices are excluded from this option.

NGN acknowledges the provision already contained within UNC to offset debit and credit invoices under certain conditions, however, the tight timescales associated with transportation invoicing means that this option is not always practical. Providing an option to batch small value invoices with the next scheduled invoice would offer more flexibility.

NGN agrees with the Proposer that this change can be implemented with immediate effect and that there will be no significant costs associated with this.

Yours sincerely,



Joanna Ferguson
Management Accountant