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Dear Tim,

**RE: Modification Proposal 0147 – Administration of Unsecured Credit Afforded on the basis of Payment History and Independent Assessment**

E.ON UK **supports** this Proposal.

We believe that implementation of Proposal 0147 is likely to increase robustness and enhance clarity of the credit arrangements introduced by UNC Modification Proposal 0113.

**Unsecured Credit History Obtained by Payment History**

Implementation of Modification Proposal 0113 enabled Users to obtain unsecured credit from Transporters based on the User's payment record. Whilst this facilitated the extension of credit to smaller parties, the facility was immediately withdrawn if the User failed to pay a Transportation invoice of any value. It is proposed in Modification 0147 that if a User fails to pay a Transportation invoice of £250 or less, any Unsecured Credit will be reduced by 50% on the first occasion within a twelve month period. Any subsequent failure to pay within the twelve month period will reduce the Unsecured Credit to zero. We believe that this strikes an appropriate balance between extending credit to smaller parties, whilst maintaining robust credit arrangements.

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## **Unsecured Credit Obtained by Independent Assessment – Re-Assessments**

If a User is afforded Unsecured Credit on the basis of an Independent Assessment, Modification Proposal 0113 requires Users to meet the full cost of any additional re-assessments (other than the initial assessment and annual reviews). If Proposal 0147 is implemented, any such re-assessments will be paid for by the initiating party, thus reducing the potential cost burden for Users. We agree that this is the most appropriate and cost-reflective way forward.

## **Unsecured Credit Obtained by Independent Assessment – Agencies**

With regard to Users receiving Unsecured Credit on the basis of an Independent Assessment, Proposal 0147 seeks to reduce ambiguity surrounding the arrangements introduced in Proposal 0113. Modification Proposal 0147 dictates that Transporters select three independent credit rating agencies of which Users are required to select one. Transporters will then procure the credit rating from the selected agency. We agree that this is the most appropriate and pragmatic way forward.

In conclusion, we believe that by limiting the adverse implications for missed payments for those reliant on payment history for Unsecured Credit and reducing the potential cost or administrative burden associated with Independent Assessments, Modification Proposal 0147 reduces barriers to market entry and the potential for undue discrimination in the market, thus better facilitating relevant objective SSC A11.1 (d).

If you have any questions or queries regarding this response, please do not hesitate to contact me.

Yours sincerely

**Alexandra Campbell** (by email)  
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