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UNC Modification Panel Secretary
Joint Office of Gas Transporters
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30th October 06

Mod Ref 0111
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Dear Julian,

Representation for Modification Proposal 0111 "Management of Users approaching and exceeding Upper Limits of Credit Limit"

On behalf of RWE npower, I would like to thank you for the opportunity to respond on Modification Proposal 0111. RWE npower does not support the implementation of this modification proposal as its implementation poses a great financial risk to Users.

Notwithstanding that this mod seeks to implement one of the recommendations from the "Best Practices Guidelines" we believe that implementation could have an unexpected detrimental effect upon all Users as a result of a User approaching the 100 % limit.

The proposal is seeking to remove the current notice requirements at 70% and 85% credit limit usage and replacing these with a single notice of 80% value of credit limit. Within this, it was proposed to not issue further sanctions or calls for additional security as currently exercised but only issue a warning notice to the User which would mean a prolonged and inevitable notice to potential defaulters.

The idea that the Transporter should have to wait until a User has exceeded 100% of its Code Credit Limit before the Transporter can reject its '*application for System Capacity or increased System Capacity*' etc is an inappropriate act/practice that has no preventive measures against Users approaching the 100% Code Credit Limit.

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There is always the possibility that a period of cold weather could result in the User reaching the 100% mark more quickly than would be the case in normal circumstances. Without the benefit of being forewarned the User would be left exposed to the sanctions as previously mentioned. However, should their situation become known then it is possible that other commercial sanctions could exacerbate their position and hasten their decline.

For the reasons mentioned above, RWE npower will not be supporting this proposal as we believe it places further risks to Users and provides no control measures to prevent Users from incurring further debt.

Should you like to discuss the above please do not hesitate to contact me

Yours sincerely,

Simon Howe
Gas Network Codes Manager