



Global Utility Connections (Gas) Limited  
Company number SC303150  
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4 January 2007

Dear Bill,

**Extension to Global Utility Connections (Gas) Ltd's derogation from complying with financial ring fencing conditions**

Thank you for your letter dated 22 December 2006 requesting a further extension to the current derogation given to Global Utility Connections (Gas) Limited from complying until 31 January 2007, with the financial ring fencing conditions in its gas transporters licence. This letter sets out Ofgem's agreement to this extension request.

**Background**

On 20 March 2006, the Authority issued a direction giving consent to GUC to derogate from complying with the requirements of the financial ring fencing conditions (standard licence conditions 32, 43-47) as amended or otherwise for a period of six months while carrying out corporate and financial restructuring.

GUC by a letter dated 12 September 2006 requested that the derogation be extended to 24 November 2006 to allow it to conclude (as part of its restructuring) the statutory transfer of the licence to Global Utility Connections (Gas) Limited (Company No. SC303150) (GUC Gas).

The Authority gave consent to GUC to derogate from complying with the requirements of the conditions from 12 September 2006 up to and including 24 November 2006 or such later date as the Authority may on the licensee's request state in writing.

On 1 November 2006, the licence was transferred to Global Utility Connections (Gas) Limited.

GUC (Gas) Ltd by a letter dated 22 November 2006 applied for a further extension of derogation to allow sufficient time to finalise its arrangements with Cannon Kirk Ltd and

the Bank of Scotland to accommodate the restructuring. The Authority consented to extending the derogation until 31 December 2006.

**Current request for an extension**

In a letter dated 22 December 2006, GUC (Gas) Ltd applied for a further extension until 31 January 2007 to allow sufficient time for Ofgem to review the submitted documents – draft keepwell agreement and bank guarantee - and also to accommodate any required changes.

Having carefully considered GUC (Gas) Ltd’s request for a further extension until 31 January 2007, as well as the draft keepwell deed and bank guarantee submitted by the licensee, Ofgem is satisfied that the licensee is taking all such steps as appear for the time being to be appropriate for the licensee to take for the purpose of securing compliance with its licence conditions and is minded to grant consent.

GUC (Gas) Ltd is hereby granted further derogation from complying with the financial ring fencing conditions of its gas transporters licence until 31 January 2007.

This letter also constitutes notice under Section 38A of the Gas Act of the reasons for extending the derogation.

Yours sincerely,

Signed  -----  
Martin Couch  
Director

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Duly Authorised on behalf of the Gas and Electricity Markets Authority