

Direct Dial: 0207-901-7437
28 August 2001

Transco, Shippers and Other Interested Parties

Dear Colleague,

Modification Proposal 0491: Introduction of a 'potential Buy Back' notification and discrete window for Buy Back activity

Ofgem has considered the request from TotalFinaElf Gas & Power Limited for modification proposal 0491, *'Introduction of a 'potential Buy Back' notification and discrete window for Buy Back activity'* to follow urgent procedures. We agree that this modification merits urgent status.

This modification proposal provides for Transco to signal the possibility of buy-back actions to shippers via an ANS message in the event it determines that there may be the need for buy-back activity. This message will advise that Transco may require shippers to reduce their inputs by offering to sell capacity back to Transco. The modification further provides for Transco to conduct and complete any necessary buy-back action during a 15-minute window commencing from the start of the next hour bar.

TotalFinaElf Gas & Power Limited ('TFE') indicates that this proposal is intended to promote active shipper participation and greater liquidity in the buy-back market. TFE considers that the proposal will facilitate lower costs of constraint management at a time when changes to the capacity regime may have increased the likelihood of buy-back activity from October 2001 onwards. These changes to the capacity regime include those introduced by Modification 0481 *'Release of ASEP Maximum System Entry Capacity Volumes for MSEC auction'*.

Ofgem considers that this modification proposal merits urgent status so that a decision can be made prior to 1 October 2001, the commencement of the next 6 month capacity period.

Issued to Ofgem for decision on urgency	24 August 2001
Proposal agreed as urgent	28 August 2001
Proposal issued for consultation	29 August 2001
Close out for representations	05 September 2001
Final report to Ofgem	10 September 2001
Ofgem decision expected	13 September 2001

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

Mark Feather
Head of RGTA