



01 May 1998

Direct Dial: 0171-932-1645
Our Ref : 231_3004.DOC
Your Ref :

Mr Mike Piggin
Transco
Service Development
31 Homer Road
Solihull
West Midlands
B91 3LT

Dear Mr Piggin

Proposed Modification "Recovery of SMP costs due to AQ 97 review process"

Ofgas does not believe that the above modification proposed by Quantum Energy Distribution Ltd merits urgent status. However, we believe that the proposal raises issues that require some detailed consideration. We therefore suggest that this modification is discussed at the next energy workstream on 14th May with a view to the workstream presenting their preliminary view to the May modification panel. Ofgas would then expect the workstream to present a final view on the way forward at the July panel.

Ofgas' view on the subject matter of this modification will be outlined in our forthcoming paper "Modification 197 - Recovery of Extraordinary Costs Incurred Due to Erroneous AQs". We hope to release this on Tuesday 5th May.

If you wish to discuss any aspect of this letter please contact me on the above telephone number, alternatively, please contact Tahir Majid on 0171 932 1669.

Yours sincerely

A handwritten signature in black ink, appearing to read "M. O'Leary".

Marianne O'Leary
Assistant Manager, Energy Balancing

cc All shippers
Richard Gray