



24 August 1998

Direct Dial: 0171-932-1645

Our Ref : mod250/250a

Your Ref :

Transco, Shippers and other interested parties

Dear Colleague,

Modification 250/250a -

"Extension of 8% Balancing Tolerance for Commissioning VLDMC Sites"

Ofgas has signed the modification proposal 250a which extends the 8% balancing tolerance for commissioning VLDMC sites for a further period of six months to 1 March 1999. This modification proposal is the alternate to modification proposal 250 which proposed a permanent extension of this tolerance.

Ofgas believes that an extension of six months is appropriate given that Transco is undertaking work in this area and intends to complete its analysis by December this year. This is the second time this modification has been extended and it is our belief that the industry has not had the opportunity to debate the merits of making this a permanent change to the network code. The analysis currently being undertaken by Transco should inform the debate and allow a better understanding of the issues.

Ofgas expects that the analysis will allow a permanent extension of the 8% balancing tolerance and given the uncertainty surrounding commissioning VLDMC sites.

Yours sincerely

A handwritten signature in black ink that reads "Rebecca Purves". The signature is written in a cursive style and is positioned above a horizontal line.

Rebecca Purves
Economic Adviser, Gas Balancing