

17 March 1999

Pricing and Service Strategy

31 Homer Road
Solihull
West Midlands B91 3LT

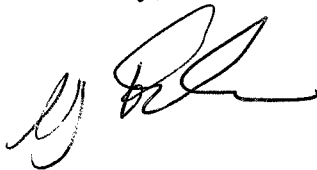
Telephone 0121 623 2340
Fax 0121 704 0442

Dear Colleague,

Subject : Mod 0304 - Low Cost Overruns for LNG

In rejecting Modification 0304, Ofgas indicated they were not opposed to the principle of the modification but believe that it constituted a change to Transco's pricing methodology. Transco has therefore agreed to raise a pricing methodology change proposal, with a view to implementation in October 1999. Transco will also raise a new non-urgent Network Code Modification Proposal.

Yours sincerely,



**Chris Bradley,
Network Code Operations**