

98/12/21/02



Direct Dial: 0171-932-1674

Julian Majdanski
Network Code Development
Transco
31, Homer Road
Solihull
West Midlands
B91 3LT

16 December 1998

Dear Julian,

Re Modification proposal 0306 "Amendments to operation of Daily Capacity Auctions"

Ofgas have considered the request from British Gas Trading for urgent procedures to apply for this modification.

While we support the principle behind this proposal, ie encouraging more activity in the market for secondary capacity, we do not believe it merits urgent consideration. It should be noted that points b) and c) of the modification could be achieved on a voluntary basis by Transco. The proposer, however, may want the added security of seeing these changes reflected in the network code.

We believe this modification would benefit from further debate within the industry. However, it does not seem that such consideration need take more than one meeting.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Amrik Bal", is positioned above the typed name.

Amrik Bal
Manager, Transportation Pricing