

1st September 1999

Dear Colleague

Re: Modifications 313, 314 and 350

Ofgem have approved the above modifications subject to the conditionalities described within the relevant modification reports. Combined final legal text is provided in respect of proposal 314 and 350 and final legal text is provided in respect of proposal 313. Hard copy of this text will be posted on 2nd September.

Modification 350 describes the auction and capacity availability and will take effect from 8th September. The principle difference between this implemented proposal and the original proposal is the use of "pay your bid" in preference to a cleared price. Minor amendments have also been made to the allocation of monthly capacity between terminals.

Modification 314 has been amended in respect of overruns, where the use of marginal prices has been replaced by average prices, and interruptible capacity which will now be available in excess of "Use it or Lose it" when 90% of the declared amount of monthly capacity is held either as daily or monthly firm in aggregate across the system.

Modification 313 sets out the revised energy regime for the On the day Commodity Market.

Proposal 313 and 314 will both become effective in respect of the coming gas year.

Ofgem has produced a document describing the basis of its acceptance of these proposal and PC 48 and 49 which can be viewed on the Ofgem web site.

Yours faithfully

Mark Ripley