

Direct Dial: 020-7901-7437

19 November 2001

Transco, Shippers and Other Interested Parties

Our Ref: Net/Cod/Mod/0505

Dear Colleague,

Modification Proposal 0505: 'Delay to January 2002 MSEC Allocation'

Ofgem has considered the request from Transco for modification proposal 0505, '*Delay to January 2002 MSEC Allocation*' to follow urgent procedures. We agree that this modification merits urgent status.

This modification proposal provides that the next Monthly System Entry Capacity (MSEC) auctions should be deferred by four weeks such that the allocation process would be completed by no later than 28 February 2002. The MSEC auctions are currently scheduled for completion by 31 January 2002.

Transco has indicated in raising the proposal that, in the absence of a delay to the auctions, there may not be sufficient time for industry participants to resolve the details of the commercial regime and enable shippers to effectively prepare their auction bidding strategies.

Transco has added that granting the proposal urgent status would enable shippers to express their views at an early stage about the timing of the forthcoming MSEC auctions. Transco also states that the granting of urgent status will allow for a 'resolution to be gained in time for the forthcoming MSEC allocation process to be completed by 31 January 2002 if this proposal is not implemented.'

Ofgem considers that this modification proposal merits urgent status. Ofgem believes that an urgent decision on this proposal will provide shippers and Transco with certainty on the timing of the next series of MSEC auctions. In particular, this certainty should assist Transco and shippers in both planning and prioritising work for the establishment of the long term entry capacity regime from April 2002.

Issued to Ofgem for decision on urgency	16 November 2001
Proposal agreed as urgent	19 November 2001
Proposal issued for consultation	20 November 2001
Close out for representations	03 December 2001
Final report to Ofgem	06 December 2001
Ofgem decision expected	10 December 2001

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

PP



Mark Feather
Head of NGTA