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Dear Colleague

On 1 April 2008 Uniform Network Code (UNC) 90 'Revised DN interruption arrangements' comes into effect. In accordance with this UNC modification, gas distribution network operators (GDNs) are required to publish an Interruptible Capacity Methodology (ICM). Pursuant to this code requirement, on 5 March 2008 the gas distribution network operators (GDNs) submitted their DN Interruptible Capacity Methodology Statement to Ofgem for the Authority's attention.

The specific requirements relating to the ICM are set out in sub paragraphs (a) to (e) of the UNC Transportation Principal Document (TPD) Section G 6.2.1. In addition sub paragraph (f) of the section permits the GDNs to include 'such further matters as may be contemplated by UNC TPD Section G paragraph 6 or otherwise which the DN Operator may (with the approval of the Authority) decide to include'.

In developing their final ICM, Ofgem notes that on 19 November 2007, the GDNs published, via the Joint Office of Gas Transporters website, a draft statement titled 'DN Interruptible Capacity Methodology Statement Discussion Paper'. This paper acted as a consultation on the ICM, and provided industry participants the opportunity to comment on the ICM statement's content. The GDNs received one formal response to the consultation, and the issues raised in the response have been taken into account by the GDNs in developing the final ICM statement.

We have reviewed the ICM statement submitted to us on 5 March 2008, and in our view it is compliant with the code obligations set out in UNC Section G 6.2.1. In addition, we consider that appropriate provision has been made by the GDNs to consult on any additional content of the statement. In our view the ICM statement adequately informs users about how the new interruption tender process will work, and on this basis we have decided not to exercise our right of veto over any part of the statement.

Yours sincerely



Steve Smith
Managing Director
Networks