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The Joint Office of Gas Transporters,
Transco NTS, Shippers and other interested parties

Our Ref: Net/Cod/Mod/021
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02 June 2005

Dear Colleague,

Request for urgent status for Uniform Network Code modification proposal 021: 'Revision of the Emergency Cash-out Arrangements'

Transco NTS¹ has written to the Gas and Electricity Markets Authority ("the Authority"²) to request that UNC modification proposal 021 'Revision of the Emergency Cash-out Arrangements' follow urgent procedures. Having considered the request, Ofgem has today agreed for this modification proposal to follow urgent procedures. The reasons for making this decision are set out below.

Transco NTS's modification proposal states that the current Emergency Cash-out Arrangements do not provide the most appropriate incentives for Users to make suitable provision to avoid entering into an emergency situation or, to minimise the extent or duration of such an emergency. Transco NTS considers that the modification proposal should provide appropriate incentives on Users in this area.

Transco NTS requests urgent status in respect of the modification proposal on the basis that it considers that the revisions to the Emergency Cash-Out Arrangements put forward in the proposal should be implemented prior to this coming winter (winter 2005/06). In addition, Transco NTS is of the view that in order to provide sufficient time for the industry to put in place appropriate arrangements for this coming winter, the decision on this modification proposal should be provided as a matter of urgency.

Ofgem's decision on the request for urgency

Having considered NGT's request, Ofgem has decided to grant the modification proposal urgent status. In reaching its decision, Ofgem has taken into account the proposer's views regarding the imminent date related event, i.e. this coming winter, and the potential for a significant commercial impact on market participants if the modification proposal is not considered as a matter of urgency. Ofgem considers the justification for urgency accords with its guidelines for granting urgent status to a modification proposal.³ In particular, Ofgem considers that if the modification proposal were to follow non-urgent procedures, there is a risk that, were the modification proposal to be subsequently implemented, there would be insufficient time for the market to properly consider the impacts of the modification and react accordingly, prior to this coming winter.

¹ Transco plc holds two Gas Transporter licences; one in respect of its NTS operation and the other in respect of its RDN operation.

² Please note in this letter, the terms "Ofgem" and the "Authority" are used interchangeably.

³ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf

For the avoidance of doubt, in accepting this request for urgency, Ofgem has made no assessment of the merits of the modification proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of this modification proposal.

Urgency Timetable

The granting of urgent status and adherence to the timetable below would ensure that the proposal is in a position to be decided upon and if appropriate implemented ahead of this winter. In particular, Ofgem notes that the proposal includes a proposed implementation date of 1st September 2005, though Ofgem would expect that this is itself subject to consultation. The timetable for this modification will therefore be as follows:

Sent to Ofgem requesting urgency	01/06/2005
Ofgem grant urgent status	02/06/2005
DMR issued for consultation	10/06/2005
Closeout for representations (15 working day consultation)	01/07/2005
FMR issued to Joint Office	08/07/2005
Modification Panel Recommendation	13/07/2005
Ofgem decision expected	22/07/2005

Ofgem notes that the above timetable gives only three working days from the issuance of the FMR for the UNC Modification Panel to reach a recommendation, though the representations will be available via the Joint Office a week earlier. In addition, the complexity of the issues involved may have an impact on the timing of Ofgem's decision.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me or alternatively, Matt Buffey on 020 7901 7088.

Yours sincerely,



Nick Simpson
Director, Modifications

Signed on behalf of the Authority and authorised for that purpose by the Authority