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value to customers*

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

Our Ref: Net/Cod/Mod/036/037
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Email: industrycodes@ofgem.gov.uk

18 July 2005

Dear Colleague,

Request for urgent status for Uniform Network Code modification proposals 036: 'Limitation of incremental capacity offered in Quarterly System Entry Capacity (QSEC) auctions' and 037: 'Limitation on offering for sale unsold capacity'.

Ofgem has received a request from Transco NTS for the above modification proposals to follow urgent procedures. Having considered the provided justification, Ofgem has today agreed to this request, in accordance with Standard Special Condition A11 of the Gas Transporters licence.

Ofgem's decision on the request for urgency

In reaching its decision, Ofgem has taken into account Transco NTS's views regarding the imminent date-related event, i.e. the QSEC auction invitation letters being issued by 19 August 2005. As noted in the proposals, whilst the QSEC auction invitation may actually be deferred, this will be subject to the acceptance and implementation of modification proposal 030¹, the outcome of which will not be known until 4 August 2005 at the earliest. Ofgem generally considers that modification proposals must be raised in the context of the existing Uniform Network Code, rather than being contingent upon another proposal or any other external event. It is therefore appropriate that these proposals make no assumption as to the outcome of modification proposal 030.

Ofgem also notes Transco NTS's view that if these modification proposals are not made prior to the QSEC auctions, both it and shippers will be exposed to potentially high buy-back costs. Ofgem considers that if these proposals were to follow non-urgent procedures, it is unlikely to be in a position to make a decision regarding the acceptance or otherwise of these proposals ahead of the QSEC auctions invitation being issued. This may remove the opportunity for Transco NTS, and therefore shippers and consumers, to avoid what may otherwise be avoidable costs.

¹ UNC modification proposal 030: 'Extension of the QSEC auction timetable for 2005'.

Given the above, Ofgem considers that the justification for urgency accords with it's criteria for granting urgent status to a modification proposal².

Urgency Timetable

The granting of urgent status and adherence to the timetable below for both modification proposals would ensure that they are in a position to be decided upon, and if appropriate implemented, ahead of the 2005 QSEC auction invitation letters being issued.

Proposal sent to Ofgem requesting urgency	13/07/05
Ofgem grant urgent status	18/07/05
DMR issued for consultation	18/07/05
Close out of representations	25/07/05
Urgent modification report issued (5 working days)	01/08/05
Modification Panel decide upon recommendation	08/08/05
Revised Urgent Modification report issued to Ofgem	09/08/05
Ofgem decision expected	15/08/05

For the avoidance of doubt, in accepting this request for urgency, Ofgem has made no assessment of the merits of the modification proposals themselves, and nothing in this letter in any way fetters Ofgem's discretion in respect of the eventual decision to accept or reject these modification proposals.

Yours sincerely



Nick Simpson
Director, Modifications

² www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf