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22 August 2005

Dear Julian

**RE UNC Urgent Modification Proposal 0042 – Revision of the Emergency Cash-out price**

Thank you for the opportunity to comment on this Modification Proposal.

We acknowledge that this Modification has been raised following the rejection of Modification Proposal 0021 and addresses the single issue of the price to be applied for imbalance cash-out in the event of an emergency.

Although we have stated in our response to Modification proposal 0021 that the arrangements in the event of an emergency involves a wide range of issues, this proposal is simple in that it addresses but one.

In evaluating the merits of this proposal we have considered whether the adoption of the Daily SAP would represent a price closer to the value of the commodity on the day of an emergency that the value of SAP averaged over the previous 30 days. In this respect, we would support the implementation of this Modification Proposal.

However, we would also add that there remain a number of other issues around the operation of the emergency regime that are in need of further consideration.

Please contact me if you require any further information.

Yours sincerely,

Mike Young  
Commercial Manager

Page 1

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