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value for all customers

The Joint Office, Relevant Gas Transporters and other interested parties

Direct Dial: 020 7901 7355
Our Ref: UNC/MOD/052

10 October 2005

Dear Colleague,

Request for Urgent Status for modification proposal 052 'Storage Withdrawal Curtailment Trade Arrangements in an Emergency'

Following consideration of the request that modification proposal 052 '*Storage Withdrawal Curtailment Trade Arrangements in an Emergency*' follow urgent procedures, Ofgem has today agreed to that request.

In reaching its decision, Ofgem has considered the details contained within the modification proposal¹, including the proposer's views regarding the imminent date related event (i.e. this coming winter), the potential for a significant commercial impact on market participants resulting from the recently modified cash out arrangements² and the implications for security of supply if, in seeking to avoid those commercial impacts, shippers withdraw gas from storage earlier than may otherwise have been the case.

Ofgem considers the proposer's justification for urgency accords with Ofgem's own guidelines for granting urgency status to a modification proposal³. In particular, Ofgem considers that if the proposed changes to the arrangements are treated as non-urgent, this could have an impact on security of supply during the winter ahead. Ofgem also 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 deal with the likely impact of the modification proposal and react accordingly prior to winter 2005/06 peak demand periods. Additionally, Ofgem considers that if this modification proposal is not treated as urgent there may be a likelihood of significant commercial impact on industry parties.

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.

¹ www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/12547_0052_Modification_Proposal_v0.3.pdf

² UNC Modification proposal 044 '*Revised Emergency Cash-out & Curtailment Arrangements*' was accepted by Ofgem on 16 September 2005, and implemented with effect 1 October 2005, see: www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/12397_044D.pdf?wtfom=/ofgem/work/index.jsp§ion=/areasofwork/gasgovernance

³ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf

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 during the early part of this winter. The timetable for this modification proposal will therefore be as follows:

Sent to Ofgem requesting urgency	07/10/2005
Ofgem grant urgent status	10/10/2005
Transmission Workstream/Workgroup session to consider/amend proposal	13/10/2005
Transmission Workstream/Workgroup session to consider/amend proposal	19/10/2005
Transmission Workstream/Workgroup session to consider/amend proposal (if necessary)	21/10/2005
Urgent modification proposal Issued for consultation	25/10/2005
Closeout for representations (8 business day consultation)	04/11/2005
FMR issues by Joint Office (+ 4 business days)	10/11/2005
Close-out for Panel Comments on responses	14/11/2005
Modification Panel Recommendation	17/11/2005
Ofgem decision expected week commencing	21/11/2005

If you have any queries in relation to the issues raised in this letter, please feel free to contact Fiona Lewis on 020 7901 7436 or email modifications@ofgem.gov.uk.

Yours sincerely,



Nick Simpson
Director, Modifications

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