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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/061 & 062

02 November 2005

Dear Colleague,

Request for Urgent Status for modification proposals 061 'Facilitating further demand-side response in the event that a Gas Balancing Alert is triggered' and 062 'Introduction of a Gas Balancing Alert'

Following consideration of the request that modification proposals 061 '*facilitating further demand-side response in the event that a Gas Balancing Alert is triggered*' and 062 '*Introducing a Gas Balancing Alert*' follow urgent procedures, Ofgem has today agreed to that request. Ofgem understands that whilst these proposals have been raised by the same party¹, they are effectively alternatives. Ofgem therefore considers it appropriate that they be considered in parallel.

In reaching its decision on the granting of urgent status, Ofgem has considered the details contained within the modification proposals², including the Proposer's views, and discussions at the Demand Side Working Group, that the facility for a *Gas Balancing Alert* and arrangements for demand side response in the event of a *Gas Balancing Alert* should be introduced ahead of the 2005/06 peak demand periods.

Ofgem considers the Proposer's justification for urgency accords with the guidelines for granting urgency status to a modification proposal³. In particular, Ofgem notes that the objective of these proposals is to further ensure that efficient and economic balancing actions might be considered, following the triggering of a proposed *Gas Balancing Alert*, prior to, and potentially avoiding or mitigating, a Network Gas Supply Emergency. Further, Ofgem considers that if the proposals were treated as non-urgent, they would not be in a position to be decided upon and, if appropriate, implemented ahead of the high demand period for this 2005/06 winter.

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

¹ In accordance with the with paragraph Standard Special Condition A11(10)(b) of the GT licence, the UNC Modification Rules allow for alternative proposals to be raised by certain parties, excluding the person who made the original proposal.

² This letter should be read in conjunction with Modification Proposals 061 and 062, Version 1.0, circulated by the Joint Office and available on the Gas Transporters information service (formally known as Nemisys):
<https://gtis.gasgovernance.com>

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 proposals are in a position to be decided upon and if appropriate implemented ahead of the peak demand periods of this forthcoming winter. Whilst the granting of urgent status by definition constricts the timetable, Ofgem considers that as far as practicable a modification proposal which is granted urgent status should follow similar procedures as a non-urgent proposal. The timetable for these modification proposals therefore provides opportunity for the Transmission workstream to consider and, if appropriate, further develop the proposals ahead of them being formally issued for consultation, as follows:

Sent to Ofgem requesting urgency	01/11/2005
Ofgem grant urgent status	02/11/2005
Transmission Workstream discussion	03/11/2005
Urgent modification proposal issued for consultation	07/11/2005
Closeout for representations	21/11/2005
FMRs issued by Joint Office	24/11/2005
Modification Panel Recommendation	1/12/2005
Ofgem decision expected week commencing	5/12/2005

If you have any queries in relation to the issues raised in this letter, please 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