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The Joint Office, relevant Gas Transporters and other interested parties

Our Ref: Net/Cod/Mod/UNC128  
Email: [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

18 December 2006

Dear Colleague,

**Request for urgent status for modification proposal UNC128: 'Amendment to Entry Capacity Baselines'.**

Following consideration of the request that modification proposal 128: 'Amendment to Entry Capacity Baselines' follows urgent modification procedures, Ofgem has today agreed to that request.

In reaching our decision on granting urgent status we have considered the details contained within the modification proposal and the Proposer's justification for urgency. Ofgem considers that this proposal satisfies the criteria for granting urgent status to a modification proposal, as set out in its published guidelines<sup>1</sup>. In particular, we consider that the proposal is both linked to:

- a real likelihood of significant commercial impact upon GTs, shippers or consumers if the proposal is not granted urgency. The impact of not implementing the changes in a timely could be an increase in buyback costs. National Grid Gas (NGG) would be exposed to fifty percent of the first £36m of any such costs and shippers (directly) and consumers (if the costs are passed through) to any costs not borne by NGG; and
- an imminent date related event, the date being that of the February Annual Monthly System Entry Capacity ('AMSEC') auctions. These auctions will relate to the sale of capacity from the 1<sup>st</sup> April 2007. It is anticipated that NGG's capacity release obligations will change on and from the 1<sup>st</sup> April 2007 as part of the anticipated changes to NGG's licence to give effect to the agreed<sup>2</sup> proposals for the transmission price control review. These changes are relevant to the February auctions.

**Urgency Timetable**

Whilst agreeing that this proposal should be given urgent status, we have not agreed to the urgent timetable originally suggested by the proposer.

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<sup>1</sup>[www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700\\_Urgency\\_Criteria.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf)

<sup>2</sup> NGG indicated its agreement to Ofgem's proposals on 15<sup>th</sup> December 2006

Ofgem notes that the proposer indicates that it would be "preferable" to notify the AMSEC auctions on 16<sup>th</sup> January 2006 and so proposes a timetable which delivered the modification on 15<sup>th</sup> January 2006. However Ofgem notes that the notification of the AMSEC auctions must be issued by 18<sup>th</sup> January 2006 and therefore considers that it is appropriate to have a timetable that delivers a decision on the proposal on 17<sup>th</sup> January 2006

Ofgem has therefore determined that this proposal should follow the following timetable:

<b>Proposal issued for consultation</b>	<b>19/12/06</b>
<b>Close out of representations</b>	<b>28/12/06</b>
<b>Urgent Modification Report Issued</b>	<b>02/1/07</b>
<b>Modification Panel Decides on Recommendation</b>	<b>08/1/07</b>
<b>Revised Urgent Modification Report Issued to Ofgem</b>	<b>09/1/07</b>
<b>Ofgem decision expected</b>	<b>17/1/07</b>

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.

If you have any queries in relation to the issues raised in this letter, please feel free to email [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk).

Yours sincerely,



**Nick Simpson**  
**Director, Industry Codes and Licensing**