

Direct Dial: 0207-901-7437

15 March 2001

Transco, Shippers and Other Interested Parties

Dear Colleague,

Modification Proposal 458 'Deferment of Definite Gate Closure Times for Daily System Entry Capacity Bids'

Ofgem have considered the request from Transco for modification proposal 458, '*Deferment of Definite Gate Closure Times for Daily System Entry Capacity Bids*' to follow urgent procedures. We agree that this modification merits urgent status.

On January 31 2001 Ofgem approved Modification proposal 0432, '*Definite Gate Closure Times for Daily System Entry Capacity Bids*'. This Modification provided for the introduction of gate closure times for within-day capacity releases from 1 April 2001. The purpose of the modification proposal was to reduce the potential for shipper bidding errors by providing for fixed and certain gate closure times for capacity bids prior to the allocation process.

In approving the modification Ofgem recognised that shippers face some uncertainties within the daily entry capacity regime as to when Transco will commence an allocation of capacity bids. Ofgem indicated that the introduction of a definite gate closure time should reduce these uncertainties and provide shippers with a better opportunity to plan and review their bids for capacity for the relevant hour thus reducing the potential for bidding errors to occur.

Modification proposal 0458 provides for a 3 month deferral of the implementation of definite gate closure times for daily system entry capacity bids. The modification proposes a new implementation date of 1 July 2001. Transco has requested the deferral following problems it has encountered in developing the systems necessary to implement definite gate closure times.

As the implementation of definite gate closure times is due to take place from 1 April 2001, we believe that it is appropriate to grant this modification proposal urgent status, so that a decision can be made in advance of this date.

Ofgem however wishes to express its concerns regarding the timing of this modification proposal. In particular, Ofgem is somewhat disappointed that this particular proposal has been raised at this late stage in circumstances when the modification itself was approved at least 2 months prior to its implementation.

Issued to Ofgem for decision on urgency	14 March 2001
Proposal agreed as urgent	16 March 2001
Proposal issued for consultation	16 March 2001
Close out for representations	21 March 2001
Final report to Ofgem	26 March 2001
Ofgem decision expected	29 March 2001

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

Mark Feather
Head of RGTA