

Service Development

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To Modifications Distribution List

24th December 1996

Dear Colleague,

**MODIFICATION PROPOSAL 0097: RELIEF FROM OVERRUN CHARGES
RESULTING FROM CVA ERROR**

Please find enclosed a letter from Ofgas relating to the above proposal which they have given direction to implement. Also enclosed is a copy of the implementation terms which explains the classes of CVA error which are admissible, the information to be provided to TransCo and the information for certification by the User Agent.

Please note that any alleged instances of CVA error prior to 1st October 1996 must now be notified to TransCo by 24th January 1997. TransCo will write to all Users giving further details early in the new year. The timescale has been extended from 8th December (as in the original proposal) to allow Users a reasonable period to make the necessary arrangements, following Ofgas' direction to implement. It is the User's responsibility to inform Claims Validation Services Limited (CVSL) of these alleged CVA errors. Please submit this information in writing to Bob Mortimer of Gas Allocation Systems Limited by 24th January 1997.

In response to the concerns expressed by Ofgas in their note, TransCo would like to make the following points.

TransCo firmly believe that the implementation terms are required in addition to the legal drafting. The terms are intended to clarify the drafting and add more detail which is inappropriate to insert in the Code. This is sensible practice and there are several other instances of documents which are supplementary to the Code. In addition, TransCo require the terms to ensure that the implementation of this modification can be managed operationally, including any future changes to CVA arrangements. TransCo has drafted the terms in conjunction with the CVA with these aims in mind and would only modify them if their implementation became impractical.

TransCo are also of the opinion that, in the processes of communications between Shippers and the CVAs, given the uncertainty inherent in fax transmissions, ensuring that a fax is properly transmitted and received should be the responsibility of the sender. The CVAs are only in a position to ensure that a fax is received properly when part of it has arrived and they can follow up any missing sections (i.e., "routine" communications in the report drafting).

TransCo feels that the implementation terms incentivise both Shippers and the CVAs to adopt "good practice" in relation to communications between each other. Hopefully, this will lead to fewer problems later in the process.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Carter'.

Dr Phil Carter
Gas Trading Support Manager