



19 November 1996

Direct Dial : 0171-932-1653

All Shippers and Interested Parties

Dear Shipper/Interested Party

Proposed Modification 84: To Admit a Recognised Clearing House as a Restricted User

Ofgas has been considering the impact of Proposed Modification 84 which would enable the launch of the International Petroleum Exchange's National Balancing Point contract. To allow the contract to be traded, the proposed modification gives London Clearing House access to UK Link by creating an additional class of user of the Network Code. The new class of user will be a Recognised Clearing House under the terms of the Financial Services Act 1986.

In accepting Proposed Modification 84 Ofgas has recognised that an early introduction of the NBP contract should be to the benefit of the whole industry. However, Ofgas acknowledges some shippers' concerns that the consultation period has been very short. With this in mind, Ofgas has accepted the proposed modification as it stands and has noted the shipping community's concerns that a widening of the new class of user should be considered in far greater depth when the situation arises.

Ofgas has also recognised that some shippers are not clear as to how the contract will work. We are therefore proposing to issue an explanatory resume before the launch of the contract.

Yours sincerely

A handwritten signature in cursive script that reads "Megan Goss".

Megan Goss
Manager, Regulation and Business Affairs