



26 February 1997

Direct Dial : 0171-932-1653

All Shippers

Dear Shipper

Modification 102: Extension of Phase 2 until 1st September 1997

This modification extends the existence of the Absolute Tolerance Quantity of 7,500 therms and the related Cumulative Imbalance Tolerance Quantity until 1st September 1997.

Ofgas has decided to accept this modification. We have just started a review of the flexibility mechanism (and will be writing to all shippers this week). The review will be fairly wide ranging and will cover this particular issue. As we believe that the costs to the system as a whole are small we do not wish to change this particular piece of the current regime until we have had time to consider it in context.

Yours sincerely

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

Megan Goss
Manager, Network Operations