

97102/25/08



24 February 1997

Direct Dial: 0171-932-1637

Our Ref : MOD 116

Your Ref :

John Lockett
Commercial Manager
BG Transco
31 Homer Road
Solihull
West Midlands
B91 3LT

Dear John

MOD 116 - METER ASSET INFORMATION LIABILITY

I am writing to confirm that Ofgas has today signed the above modification report.

We have noted the comments of certain shipper respondents who believe that a performance target of 100% information within five days should be the appropriate liability mechanism and have some sympathy for the arguments expressed. However, we also note Transco's argument that a target of 100% may cause Transco to generate additional costs which would be disproportionate to the benefits of a 100% target. We also accept that the proposed 5% deadband is in line with the existing liabilities package and that this new liability will in any event be the subject of a considered review in the near future.

We would expect any such review of the new liability to consider the issue of whether a deadband remained appropriate and the need for a continuing liability for every additional month (after the initial month in which a payment is made) that Transco fails to update the meter information satisfactorily.

Yours sincerely

A handwritten signature in black ink, appearing to read "Sean O'Hara", written over a horizontal line.

Sean O'Hara
Network Operations

cc: all shippers / non-network code parties.