98/01/15/06

15 January 1998

Direct Dial: 0171-932-1652
Our Ref : CMS/MOD/12

Mr Richard Gray
Process Manager, Network Code
Service Development
BG Transco
31 Homer Road
Solihull
West Midlands B91 3LT

Dear Mr Gray

MODIFICATION PROPOSALS 207 AND 207A - AUCTION UNNECESSARY TOP-UP GAS

On 9 January 1998, Ofgas received a letter from NGC UK Ltd proposing an Urgent modification to the Network Code providing for the Top-up Manager to auction "unnecessary" Rough Top-up gas (ie, above the monitor level) immediately so as to take advantage of winter prices. Transco subsequently put forward a slightly different version as modification 207a.

Ofgas has considered the issues and concluded that the modification proposals should be treated as Urgent. The main reason for doing so is that it should lead to reduced Top-up costs for system users, and is therefore consistent with BG plc's obligation to operate an economic and efficient pipeline system.

We have agreed a timetable for consultation as follows:

- Transco circulates the modification proposal on Friday 16 January 1998;
- deadline for representations on the proposal on Friday 23 January 1998;
- Transco reports to Ofgas by Tuesday 27 January 1998; and
- Ofgas decides whether or not to accept the proposal not later than Friday 30 January 1998.

If you would like to discuss this please do get in touch.

I am copying this letter to Gary Cardone of NGC.

Yours sincerely

Kyran P. Hanks

Kyran Hanks
Director, Transportation Regulation

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