

98/12/18/16



Richard Gray
Transco
Network Code Development
First Floor South
31 Homer Road
Solihull, B91 3LT

Direct Dial: 0171-932-1669

18 December 1998

Your Ref:
Our Ref : Net/Cod/Mod 308

Dear Richard,

St Fergus constraints and urgent modification proposal 308: Measures to cater for possible terminal constraints at St Fergus

Ofgas have consented to an extension to the existing provisions of modifications 265a: Short term measures to alleviate constraint issues, 271: Interim revised capacity entitlement arrangements at St Fergus and 277: Exclusion of constraint buy backs from SMP buy calculation until 25 December 1998. This extension is to allow further consideration of urgent modification proposal 308 and the interaction with the provisions of modification 273: Additional entry capacity services.

Ofgas is minded to accept modification 308 as a transitional measure until at least the end of winter 1998/99. We expect to resolve any outstanding issues and make a final decision on modification 308 early next week. At that time, Ofgas will also provide details of our thinking on Transco liabilities for failure to provide capacity at St Fergus as a consequence of the significant delays to the reinforcement programme.

Please circulate this letter to all relevant parties with notification of the extension to the provisions of modifications 265a, 271 and 277.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tahir Majid".

Tahir Majid
Manager, Gas Balancing