

Ref: PSR/274

Network Code Development

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1 March 1999

Dear Colleague,

Modification 0274 Retrospective removal of input UGF at sub terminals when negative SMP sell prices are set.

On 23 February 1999 Ofgas directed Transco to implement Modification 274, this notice was not issued following discussions during the Settlement Agreement day on 24 February. Instead, having agreed a way forward with regard to the UGF charges, Enron offered to withdraw the Proposal and Ofgas formally rejected it on 26 February.

However Ofgas have asked Transco to circulate the original letter of 23 February in order to clarify their reasons for the earlier decision. To avoid any confusion I have therefore included both this original letter and the subsequent notice of non implementation for your information.

If you require further clarification please contact me on 0121 623 2393.

Yours faithfully

A handwritten signature in cursive script, reading "Paul Rogers".

Paul Rogers
Network Code Development