Mike Berrisford
Contract Compliance & Development
Transco
Ground Floor Blue Zone
51 Homer Road
Solihull
West Midlands
B91, 3QJ

Transco Ref: CO89
Our Ref: net/cod/mod/0674
Direct Dial: 020 7901 7474
Email: leigh.henderson@ofgem.gov.uk

04 October 2004

Dear Mike,

Application for Consent to Modify Transco's Network Code in relation to Modification 561 'Increase the number of rounds in the Annual Auctions for Monthly System Entry Capacity (MSEC)'

I refer to Transco's application to the Gas and Electricity Markets Authority ('the Authority') for consent to modify Transco's Network Code to clarify monthly capacity bid provisions introduced into code as a result of the implementation of modification 651 'Increase the Number of Rounds in the Annual Auctions for Monthly System Entry Capacity (MSEC)'. This modification would amend the legal text of modification 651 which was approved by Ofgem on 16 December 2003.

The proposed legal text clarifies that Users can make up to but not more than 20 monthly capacity bids per round in the annual auctions for MSEC. The current legal text implies that Users can make up to but not more than 20 bids in aggregate over the four rounds. The proposed amendment to provision 2.2.14 corrects an inconsistency whereby the provision refers to quarterly capacity bids but should refer to monthly capacity bids.

Ofgem considers that this proposed modification to the legal text of modification 651 is minor in nature and represents an improvement to the Network Code by enhancing clarity and ensuring consistency. Ofgem has considered Transco's request in accordance with amended standard condition 9 (7)(b) of Transco's Gas Transporter licence and consents to the modification of the Network Code as set out in the 'Application for Consent to Modify the network code' - Reference CO89.

If you require any further information on this matter, please do not hesitate to contact me on 020 7901 7474.

Yours sincerely,

Leigh Henderson,
Network Code Analyst