



Shippers, Transco and other interested parties

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Our Ref: net/cod/mod/0669
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14 November 2003

Dear Colleague,

Request for urgent status for modification proposal 0669 “Maximising Availability of Interruption for Security of Supply Purposes”.

Ofgem has considered Scottish and Southern Energy’s (SSE’s) request for modification proposal 0669 “Maximising Availability of Interruption for Security of Supply Purposes” to follow urgent procedures.

Modification proposal 0669 proposes to insert a new provision in Transco’s network code that would restrict shipper interruptions under the legacy BG long term interruptible gas supply agreements. Such interruptions would be prevented under any of the following conditions:

- ◆ over the electricity peak demand hours of 15:00 – 21:00
- ◆ on any day or part thereof where National Grid Company has issued a system warning.
- ◆ on any day in respect of which the gas forecast total system demand exceeds 85% of System 1-in-20 peak day demand.

SSE stated that the purpose of the proposed modification is to promote security of supply by ensuring that shipper interruption under the legacy BG long term interruptible gas supply agreements does not restrict or compromise Transco's or NGC's ability to use interruption to balance the system, manage constraints, provide reserve or maximise CCGT output. SSE believed that the proposed modification would improve National Grid Transco's ability to manage interactions between the electricity and gas networks in a way that promotes efficiency and security of supply.

Ofgem has decided to grant the proposal urgent status. In making its decision, Ofgem has taken into account SSE's views regarding the likely impact on the safety and security of the network if the proposed modification is not considered for implementation before the onset of severe winter conditions. Ofgem notes that Transco's recent request for urgent status for the modification proposals 0659 and 0660 was granted for similar reasons.

In accepting this request for urgency, Ofgem has made no assessment of the merits of this modification proposal.

Ofgem would note that it is uncertain whether this proposal relates to shipper or Transco interruption rights. To the extent that it relates solely to shipper interruption rights it may be the case that the proposal falls outside of the scope of the network code. This is a matter that Ofgem will address in assessing the proposal.

The timetable for the modification proposal to follow urgent status will be as follows:

Issued to Ofgem for decision on urgency	13 November 2003
Proposal agreed as urgent	14 November 2003
Proposal issued for consultation	17 November 2003
Close out of representations	21 November 2003
Final report to Ofgem	26 November 2003
Ofgem decision expected	As soon as possible

The timing of Ofgem's decision will be subject to the resolution of any legal issues that arise relating to whether this proposal falls within the scope of Transco's network code.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the number above or, alternatively, Jessica Hunt on 020 7901 7431.

Yours sincerely,

Kyran Hanks
Director, Gas Trading Arrangements