

Direct Dial: 020-7901-7074

04 September 2002

UK Transco, Shippers and Other Interested Parties

Our Ref: Net/Cod/Mod/0582

Dear Colleague,

Modification Proposal 0582 'Changes to Commercial Arrangements for a Network Gas Supply Emergency'

Ofgem has considered the request from Transco for Modification Proposal 0582, '*Changes to Commercial Arrangements for a Network Gas Supply Emergency*' to follow urgent procedures. We agree that this modification merits urgent status.

Modification Proposal 582 proposes that the Network Code defines two different possible types of a Network Gas Supply Emergency. It does not propose changes to the cash-out price regime that would apply in each instance but does propose changes to the basis for claims for financial loss in the event of either emergency.

Transco is planning to conduct an exercise to simulate the response to a Network Gas Supply Emergency incorporating the various emergency types in the week commencing 22 September. On this basis, Ofgem considers that urgent status is appropriate. The timetable is:

<i>Issued to Ofgem for decision on urgency</i>	03 September 2002
<i>Proposal agreed as urgent</i>	04 September 2002
<i>Proposal issued for consultation</i>	04 September 2002
<i>Close out for representations</i>	12 September 2002
<i>Final report to Ofgem</i>	16 September 2002
Ofgem decision expected	20 September 2002

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number or Kyran Hanks on 020 7901 7021.

Yours sincerely,

Amrik Bal
Manager, Storage