

Direct Dial: 0207-901-7437

13 July 2001

Transco, Shippers and Other Interested Parties

Dear Colleague,

Modification Proposal 0477: Fifth Round Monthly System Entry Capacity Allocation

Ofgem have considered the request from Transco for modification proposal 477, '*Fifth Round Monthly System Entry Capacity Allocation*' to follow urgent procedures. We agree that this modification merits urgent status.

This modification proposal provides that 90% of Determined System Entry Capacity will be offered in equal sized tranches in the first four rounds of the Transco's National Transmission System monthly system entry capacity (MSEC) auctions. The proposal provides that the remaining 10% will be offered in round five together with any quantities of unsold capacity from the preceding rounds.

Ofgem considers that this modification proposal merits urgent status as any changes to the structure of the MSEC auctions resulting from the proposal will need to be made in a timely manner prior to the scheduled commencement of the auctions. The auctions for the period 1 October 2001 to 31 March 2002 are scheduled to commence on 13 August 2001. In particular, shippers will need sufficient time to amend their bidding strategies should the proposal be accepted.

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| Issued to Ofgem for decision on urgency | 12 July 2001 |
| Proposal agreed as urgent | 13 July 2001 |
| Proposal issued for consultation | 13 July 2001 |
| Close out for representations | 20 July 2001 |
| Final report to Ofgem | 24 July 2001 |
| Ofgem decision expected | 26 July 2001 |

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,

Mark Feather
Head of RGTA