

Direct Dial: 0207-932-6337

31 August 2000

BG Transco, Shippers and Other Interested Parties

Our Ref : Net/Cod/Mod/423

Dear Colleague,

Modification Proposal 423: Waiver of two month notice period for adjustment of NTS Commodity Charge

Ofgem have considered the request from BG Transco for modification proposal 423, '*Waiver of Two Month Notice Period for adjustment of NTS Commodity Charge*' to follow urgent procedures. We agree that this modification proposal merits urgent status.

Ofgem considers that, should the modification be approved, a failure to grant urgent status to this proposal to reduce the relevant notice period from two months to one month could potentially undermine the effective intent of this modification. In particular, Ofgem believes that any failure to grant urgent status to this proposal may prevent a possible adjustment of these charges occurring from October 2000 following the September 2000 monthly capacity auctions.

The methodology for implementing such an adjustment is contained in PC 60 '*Rebalancing Revenue raised by Monthly System Entry Capacity (MSEC) and other NTS Auctions*'. Ofgem issued its decision not to veto PC 60 on 21 July 2000.

The timetable for this modification is set out below:

Issued to Ofgem for decision on urgency	29 August 2000
Proposal agreed as urgent	31 August 2000
Proposal issued for consultation	31 August 2000
Close out for representations	7 September 2000
Final report to Ofgem	12 September 2000
Ofgem decision expected	15 September 2000

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