



Direct Dial: 0171-932-6337

16 August 2000

BG Transco, Shippers and Other Interested Parties

Our Ref: Net/Cod/Mod/421

Dear Colleague,

Modification Proposal 421: Temporary Extension of Absolute Tolerance Quantity

Ofgem have considered the request from V-IS-ON Gas for modification proposal 421, *‘Temporary Extension of Absolute Tolerance Quantity’* to follow urgent procedures. We agree that this modification merits urgent status.

Under Modification 403 *‘Further Temporary Extension of Absolute Tolerance Quantity’*, which was accepted on 30 May 2000, the Absolute Tolerance Quantity (ATQ) and the Cumulative Imbalance Tolerance Quantity (CITQ) regime was extended until 30 September 2000. We agreed that it was prudent to sanction an extension to this regime until such time as the new tolerance regime was introduced, otherwise smaller shippers would be unduly exposed to balancing risks, if the ATQ and CITQ were removed prior to the introduction of the tolerance service.

Subsequently, a modification was raised by V-IS-ON Gas, which sought a postponement of the tolerance auctions for a period of six months, Modification 411 *‘Postponement of Tolerance Auctions’*. This modification was approved by Ofgem on 4 August 2000. In reaching our decision on urgency, we have taken into account the imminent removal of the ATQ, with effect from 30 September 2000, and the postponement of the tolerance auctions.

Issued to Ofgem for decision on urgency	15 August 2000
Proposal agreed as urgent	16 August 2000
Proposal issued for consultation	17 August 2000
Close out for representations	31 August 2000
Final report to Ofgem	07 September 2000
Ofgem decision expected	14 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