

10th April 1997

Dear Colleague,

Development of Transportation Terms at CSEP Interconnectors

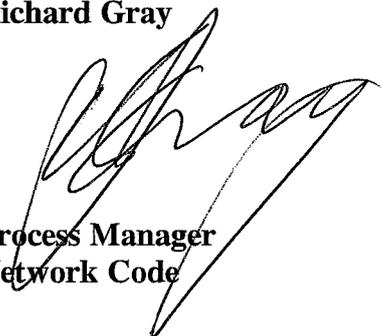
As you may be aware, Transco has been working with the industry for some time to develop transportation terms at CSEP Interconnectors.

Urgent Modification 0117 was an important first step in establishing key principles for capacity booking at Interconnectors. These principles were essential to enable shippers to conclude commercial arrangements at the UK-Continent Interconnector, and to clarify capacity rights at the Irish Interconnector. Modification 0117 was approved by Ofgas on 24th February 1997, and sent to review by the Modification Panel on 20th March 1997. Terms of Reference for this Review Group (0117R) will be considered at the Modification Panel on 17th April 1997.

The next step is to develop detailed terms that support the principles set down in Modification 0117. These terms will be held in Ancillary Agreements. Transco believes an appropriate way forward may be to set up two Ancillary Agreement Working Groups to develop this detail, using as a model the consultation process set down in the Modification Rules, and working alongside Review Group 0117R. Each Working Group will focus on those issues specific to either the Irish or UK-Continent Interconnectors, but any common themes will be brought together under Review Group 0117R. **If you are interested in contributing to either Working Group, please contact Roger Brown on 0121 623 2150 by Wednesday 16th April 1997.**

On a related issue, Urgent Modification 0134 was put forward by Transco on 25th March to address the difficulties some shippers were experiencing in securing firm NTS Exit capacity at Moffat CSEP. The Modification is simply an interim measure until fuller terms can be developed as part of the Ancillary Agreement. Transco will keep the industry informed of Ofgas' decision on Modification 0134.

Richard Gray



**Process Manager
Network Code**

Transco operates in the UK
and is a part of BG plc

BG plc
Registered in England No. 2006000
Registered Office
100 Thames Valley Park Drive
Reading, Berkshire RG6 1PT