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to customers*

The Joint Office, relevant Gas
Transporters, Shippers and other
interested parties

Our Ref: Net/Cod/Mod/UNC138
Email: industrycodes@ofgem.gov.uk

Date: 2 April 2007

Dear Colleague

Transitional Arrangements for Entry Capacity Transfers to Sold out ASEPs

Following consideration of the request that modification proposal 138: *'Transitional Arrangements for Entry Capacity Transfers to Sold out ASEPs'* follows urgent modification procedures, Ofgem has today agreed to that request.

In reaching our decision on granting urgent status we have considered the details contained within the modification proposal and the Proposer's justification for urgency. Ofgem considers that this proposal satisfies the criteria for granting urgent status to a modification proposal, as set out in its published guidelines. In particular, we consider that the proposal is linked to:

1) There is a real likelihood of significant commercial impact upon Gas Transporters, Shippers or Customers if a proposed modification is not urgent;

Assuming that this proposal addresses the issue it purports to address and were subsequently to be approved, then it is likely that it not being implemented on the urgent timetable will potentially lead to a significant commercial impact on gas shippers and suppliers (who might wish to bid in the May AMSEC auctions, an imminent date related event as discussed below). In addition if, as suggested by the proposer, sterilised capacity is a problem there could be an impact on consumers if gas prices are higher than they otherwise would be.

3) The proposal is linked to an imminent date related event

The proposer suggests that the imminent date related event is the AMSEC auction as shippers and other commercial parties would need to know whether or not this proposal has been implemented in order to decide how to act in the capacity auctions. Subsequent to Ofgem receiving this proposal National Grid announced that the first round of AMSEC auctions will take place on 11 May 2007.

Given the potential commercial impact identified above Ofgem agrees that in these circumstances the AMSEC auction is an imminent date related event for the purposes of this criterion.

Urgency Timetable

Ofgem therefore consents to urgency (given that we now know when the AMSEC auction will take place we have adjusted the timetable) on the grounds that this proposal meets urgency criteria 1) and 3).

Process	Date
Proposal issued for consultation	02/04/2007
Close out of representations	12/04/2007
Urgent modification report issues	16/04/2007
Modification Panel decide on upon recommendation	24/04/2007
Revised urgent Modification Report sent to Ofgem	26/04/2007
Ofgem Decision Expected	08/05/2007
Proposed implementation date	09/05/2007

For the avoidance of doubt, in accepting this request for urgency, Ofgem has made no assessment of the merits of the modification proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of this modification proposal.

If you have any queries in relation to the issues raised in this letter, please feel free to email industrycodes@ofgem.gov.uk.

Yours sincerely,



Sarah Harrison
Managing Director, Corporate Affairs