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Dear Stuart

Balancing and Settlement Code ("BSC") modification proposals on zonal transmission losses - review of Oxera's analysis

I write further to Allstair Buchanan's letter to you of 5 October 2007 concerning the Authority's decision¹ to delay taking its final decisions on the BSC zonal transmission losses modification proposals² until a further review of Oxera's analysis ("the review") had been undertaken.

That letter advised that we intend to commission external consultants to assist with the review. It also indicated that it is likely that Ofgem and/or our consultants may require further information in relation to Oxera's analysis and that it is our intention to submit any formal requests for this information to ELEXON.

I am writing to advise that we have now appointed the Brattle Group ("Brattle") to undertake the review. Subject to our discussions with Brattle, we anticipate contacting you in the near future with a request for information in relation to Oxera's analysis.

Yours sincerely,

David Gray
Managing Director, Networks

¹ "The Authority's decisions on the zonal transmission losses proposals", 14 September 2007, ref 223/07 (www.ofgem.gov.uk)

² P198, P198 Alternative, P200, P200 Alternative, P203 and P204.