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value to customers*

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13 June 2006

Dear Nick,

Request for urgency in relation to Modification Proposal P201, "Energy Imbalance Tolerance Band" ("P201")

Thank you for your letter dated 13 June 2006, containing the Panel recommendation that P201 be treated as an Urgent Modification Proposal. This treatment was sought by ELEXON.

The Panel unanimously agreed that urgent treatment was merited. The Panel provided a proposed procedure and timetable for the treatment of P201 should the Authority direct urgent treatment.

As highlighted in previous decision letters, Ofgem considers that a modification should only be treated as urgent if the modification could not appropriately be treated as non-urgent. Our view is that, in general, urgent modifications are likely to exhibit at least one of the following characteristics:

- There is a very real likelihood of significant commercial impact upon NGET, industry parties, or customers if a Modification Proposal is not urgent;
- Safety and security of the network is likely to be impacted if a proposed modification is not urgent; and
- The proposal is linked to an imminent date related event.

Ofgem considers that P201 has significant similarities to P202, and therefore is commercially significant, and linked to an imminent date related event, for the same reasons that P202 is¹. We agree with the Panel that parallel consideration of the two modifications would be appropriate.

We note ELEXON's view concerning the likely lead time for implementation of P201. However, we are not persuaded that an earlier implementation would not be viable, were we minded to approve the proposal.

¹ Our decision on urgency for P202 is published to our website at the following location:
[http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/15325_P202_urgency_letter_\(Final\).pdf?wtfrom=/ofgem/work/index.jsp§ion=/areasofwork/elecgov/egov01](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/15325_P202_urgency_letter_(Final).pdf?wtfrom=/ofgem/work/index.jsp§ion=/areasofwork/elecgov/egov01)

Ofgem therefore consents to P201 being treated as an Urgent Modification Proposal for the purposes of section F2.9 of the BSC in accordance with the procedure and timetable put forward by the Panel.

Ofgem has not, by consenting to the request that P201 be treated as an Urgent Modification Proposal, made any judgement on its merits, or those of any other related Modification Proposal.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the number above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N. Simpson', written over a horizontal line.

Nick Simpson

Director, Industry Codes & Licensing

Signed on behalf of the Authority and authorised for that purpose by the Authority