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value to customers*

Our Ref: Net/Cod/IPGT/4
Direct Dial: 020 7901
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22 August 2005

The Gas Transportation Company Ltd, Shippers and other
Parties.

Dear Colleague,

Modification Proposal GTC324: To allow the use of a new type of read (early or point of sale) in estimating a Change of Supplier Meter Reading.

Ofgem has considered the issues raised by this modification proposal and has decided to direct GTC to implement the proposal as we believe that it will better facilitate the relevant objectives of GTC's GT Licence.

Background to the modification proposal

The Customer Transfer Programme (CTP) has identified a number of ways in which Change of Supplier Meter Readings can be processed as part of the customer transfer process. This modification proposal forms part of the end to end solutions put forward by the Customer Transfer Programme (CTP) and seeks to improve the efficiency, accuracy and robustness of the Change of Supplier Process by adding a new classification of meter read that can be accepted by the GT.

The Modification Proposal

This modification proposal seeks to introduce steps to make certain classifications of meter readings acceptable for the purposes of Supply Point Transfers. Specifically, the proposal seeks to:

1. For all Supply Points, define a 'Point of Sale Reading' as a meter reading taken by an incoming supplier during the supply point transfer process but prior to the Change of Supplier Meter Reading Window.

2. Requiring GTC to use such a reading, if required, to generate a more accurate Estimated Opening Meter Reading.

Respondents' Views

GTC received two responses in relation to this modification proposal. Both respondents supported the implementation of the proposal as it is one of the outcomes of the CTP. One respondent also commented that the proposal should contribute to a more robust, accurate and timely Change of Supplier process.

GTC's Views

GTC supports the implementation of this modification proposal as they believe that it will contribute to a more accurate and efficient supply point transfer process.

Ofgem's Views

This modification proposal forms part of the solutions suggested by the CTP as a means of improving the customer transfer process. Ofgem is supportive of changes that contribute to a more efficient customer transfer process.

Currently, Meter Reading File Formats and validation rules are being developed within the IGT workgroup and, as such, are not yet subject to Network Code governance. GTC have confirmed that as appropriate file formats and validation rules are developed appropriate modification proposals will be raised to incorporate these. While there is currently no requirement to amend the Network Code itself at this stage, GTC have stated that they will allow the submission of Early or Point of Sale meter readings as part of the Change of Supplier process. This requirement will eventually become codified as and when the appropriate governance framework is developed by the IGT workgroup.

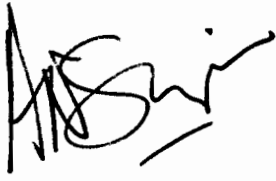
Ofgem's decision

Having considered the issues raised by this modification proposal Ofgem has decided to direct GTC to implement modification proposal 324, as it will contribute to the efficient and economic operation of the pipe-line system and to the fulfilment of the relevant code objectives, particularly Standard Condition 9.1 (c).

In accordance with condition 9 (9) (b) of the standard conditions of The Gas Transportation Company Ltds Gas Transporters Licence, dated 9 September 1996, I hereby direct The Gas Transportation Company Ltd that the above proposal (as contained in The Gas Transportation Ltds Network Code Modification report 324 dated 26 July 2005) be made as a modification to the Network Code.

If you have any further queries regarding this decision letter please feel free to contact Samantha McEwen 020 7901 7032.

Yours sincerely

A handwritten signature in black ink, appearing to read 'NSW', with a stylized flourish extending from the end.

Nick Simpson
Director, Modifications.