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25 April 2005

ES Pipelines Ltd, Shippers and other parties.

Dear Colleague,

Modification Proposal ESP101: Housekeeping Modification

After consideration Ofgem has decided to direct ES Pipelines Ltd (ESP) to implement the above modification. This letter explains the background to the modification proposal and gives Ofgem's reasons for making this decision.

Background to the proposal

ESP seeks to review its network code annually to ensure consistency and clarity. From time to time these reviews identify minor typographical errors which require amendment.

The Modification Proposal

Modification Proposal ESP101 seeks to address a number of minor errors in the ESP Network Code. In total there are seven amendments being proposed; including proposed changes to section E5.1 in the ESP Network Code which the Proposer considers would provide ESP with the same degree of discretion as Transco to not procure a monthly reading under certain circumstances. These circumstances are prescribed under section E of the ESP Network Code.

The Proposer considers that the proposed amendments under Modification Proposal ESP101 would reduce ambiguity and disputes, and therefore would reduce the contractual risks faced by Shippers and Suppliers using ES Pipelines Network. In addition, the Proposer considers that the amendments would bring further clarity to certain clauses in the code and enhance efficiency in the operations of the pipeline systems.

Respondents' views

Two representations were received regarding this modification proposal, both of which expressed support for its implementation. In particular, one respondent notably supported the

alignment of IGT Network Codes with those of National Grid Transco, and considered that Modification Proposal ESP101 would improve consistency between ES Pipelines Ltd/ESP Networks Ltd/ESP Pipelines Ltd and Transco's Network Code.

Ofgem's view

Ofgem considers that the alignment of IGT Network Codes with those of National Grid Transco, would improve consistency between the Network Codes, and facilitate competition in shipping and supply. In addition, Ofgem considers that any proposal that reduces the ambiguity and disputes is a positive step, and will enhance the efficiency of operation of the pipeline systems. Therefore, Ofgem is in favour of this modification proposal being implemented.

Ofgem's decision

For the reasons set out above Ofgem has decided to direct ESP to implement Modification Proposal ESP101. Ofgem considers that the Modification Proposal will further the relevant objectives of the ESP Network Code, as set out in Standard Licence Condition 9 of its Gas Transporters Licence.

In accordance with condition 9 (9) (b) of the standard conditions of ES Pipelines Ltd Gas Transporter's Licence, dated 1 April 2000, I hereby direct ES Pipelines Ltd that the above proposal (as contained in ES Pipelines Ltd Network Code Modification report ESP101 dated 15 April 2005) be made as a modification to the Network Code.

If you have any queries in relation to the issues raised in this letter, please feel free to contact Ndidi Njoku on 020 7901 7157.

Yours sincerely,



Nick Simpson
Director, Modifications

Signed for and on behalf of the Gas and Electricity Markets Authority (Ofgem).