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to customers

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

Our Ref: Net/Cod/Mod/UNC150
Email: industrycodes@ofgem.gov.uk

Date: 10 May 2007

Dear Colleague

UNC150: Introduction of the AMTSEC auction

Following consideration of the request that modification proposal 150: '*Introduction of the AMTSEC auction*' 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;

The proposer believes that if this proposal is implemented ahead of this winter it will provide Users with a mechanism to transfer unsold NTS entry capacity to ASEPs where demand for capacity is currently greater than obligated firm levels. Therefore this should reduce the likelihood of gas being stranded offshore due to insufficient capacity being available.

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

The proposer suggests that this proposal needs to be implemented in advance of the winter period, 1 October 2007 – 31 March 2008. National Grid however are further constrained in the timeframes available to them in that the AMTSEC auction can not be run concurrently with the QSEC auction which is in September 2007 and therefore needs to be completed ahead of this date.

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

Urgency Timetable

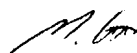
Ofgem therefore consents to urgency (albeit subject to a slightly amended timetable) on the grounds that this proposal meets urgency criteria 1) and 3).

Process	Date
Proposal issued for consultation	11/05/07
Close out of representations	25/05/07
Urgent modification report issued	29/05/07
Modification Panel decide on upon recommendation	07/06/07
Revised urgent Modification Report sent to Ofgem	07/06/07
Ofgem Decision Expected	12/06/07
Proposed implementation date	02/07/07

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,



Mark Feather
Associate Director, Industry Codes and Licensing