



Mr Gareth Forrester
Modifications Secretary
ELEXON Limited
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Our Ref:
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19 June 2002

Dear Gareth,

Notice pursuant to Section F 1.4.3 of the BSC

At the BSC Panels' meeting on the 13 June 2002 the BSC Panel agreed a one-month extension to the Assessment Procedure for Modification Proposals P74¹ and P78². Ofgem has considered carefully the proposal to extend the Assessment Procedure timetable in respect of Modification Proposals P74 and P78 set out in the Monthly Progress Report, and the Balancing and Settlement Code Panel's (the "Panel") reasons for its decision in relation to the timetable. Further to our discussions at the Panel meeting on the 13 June 2002, Ofgem has decided to issue a notice to the Panel under F1.4.3 directing that an extension to the Assessment Procedure timetable for Modification Proposals P74 and P78 is not made.

It has been acknowledged by NGC and the industry that the issues that the Modification Proposals seek to address are of great importance, which is demonstrated by the considerable amount of time the industry has already devoted to assessing the Modification Proposals to date.

Having had regard to the relevance and importance of the outcome of these Modification Proposals in relation to a number of aspects of the regulatory regime, Ofgem considers that Modification Proposals P74 and P78 should be dealt with within the timeframes as set out within F2.2.9 of the BSC. Therefore Ofgem considers that it is essential for the 3-month Assessment Procedure to be adhered to.

¹ Modification Proposal P74 "Single Cost-reflective Cash-out Price".

² Modification Proposal P78 "Revised Definitions of System Buy Price and System Sell Price".

Please do not hesitate to contact me on the above number if you have any queries in relation to the issues raised in this letter or alternatively contact Anthony Doherty on 020 7901 7159.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sonia Brown'.

Sonia Brown

Head of Electricity Trading Arrangements

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