

Our Ref: P82FD



National Grid

Date: 02 February 2004

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Dear Chris,

Modification of the Balancing and Settlement Code ("BSC") : Modification Proposal : P82: "Introduction of zonal transmission losses on an average basis"

National Grid Company plc ("NGC") wrote to ELEXON on 20 January 2003 to inform ELEXON that NGC had received direction from the Gas and Electricity Markets Authority ("the Authority") dated 17 January 2003 ("the Direction") in relation to BSC Modification Proposal P82 : "Introduction of zonal transmission losses on an average basis".

The Direction was made by the Authority pursuant to Condition C3.5(a) of NGC's licence to transmit electricity granted under Section 6 (1) of the Electricity Act 1989 ("the Transmission Licence").

NGC has now received notice from the Authority dated 30 January 2004 that the Authority has decided formally to reject Modification Proposal P82 following an order by the High Court quashing the Direction. As a consequence NGC has been directed, and notice is hereby given, to remove the modifications made to the BSC pursuant to the Direction. Accordingly the modifications made pursuant to the Direction of 17 January 2003 relating to Modification Proposal P82 will now be removed from the BSC.

Yours sincerely

John Greasley
For and on behalf of
National Grid Company plc



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