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7 February 2007

Dear Laone,

Request for urgency in relation to Modification Proposal P210, "Revisions to the text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations" ("P210")

Thank you for your letter dated 5 February 2007, containing the Panel's unanimous recommendation¹ that P210 be treated as an Urgent Modification Proposal, and its proposed timetable for its progression.

Characteristics of urgent modifications

Our view is that, in general, urgent modifications are likely to exhibit at least one of the following characteristics:

- There is a very real likelihood of significant commercial impact upon NGET, industry parties, or customers if a Modification Proposal is not urgent;
- Safety and security of the network is likely to be impacted if a proposed modification is not urgent; and
- The proposal is linked to an imminent date related event.

Applying these characteristics to P210

This modification proposal seeks to clarify the Balancing and Settlement Code ("the Code") text in relation to aspects of the contract notification process in order to ensure that established conventions and practices are maintained.

Whilst we are yet to consider whether the existing arrangements are ambiguous or defective in the area of contract notifications, or indeed whether P210 corrects these alleged problems, we are in agreement that there could be significant financial consequences for code signatories if the treatment of contract notifications is not clearly understood by market participants. As the Panel's letter highlights, each Party's notified contract position affects its exposure to Trading Charges. Any errors in this position could therefore result in a significant commercial impact on an affected Party (or Parties), the magnitude of which could be materially greater if urgency were not granted.

¹ Urgent treatment was also recommended by ELEXON.

Given the nature of the alleged defects, we consider that this proposal is linked to an imminent date related event insofar as it relates to the current and ongoing application of the Code to contract notifications.

Our decision on urgency

Ofgem therefore consents to P210 being treated as an Urgent Modification Proposal for the purposes of section F2.9 of the BSC in accordance with the procedure and timetable put forward by the Panel. The key milestones are reflected in the table below.

| Event | Date |
|--|---------------------------|
| Ofgem grant urgent status | 6 February |
| First modification group meeting | 9 February |
| Industry consultation issued | 14 February |
| Deadline for consultation | 28 February |
| Second modification group meeting – if required ² | To be confirmed by ELEXON |
| Draft urgent Modification Report issued for comment | 5 March |
| Deadline for industry comment on draft Modification Report | 9 March |
| Panel meeting to consider Modification Report | 14 March |
| Final Modification Report delivered to the Authority | 15 March |

Reservation of rights

Ofgem has not, by consenting to the request that P210 be treated as an Urgent Modification Proposal, made any judgement on its merits.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the number above.

Yours sincerely



Mark Feather

Associate Director, Industry Codes & Licensing

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

² For the avoidance of doubt, we have no objection to the proposed second modification group meeting being cancelled if progress made by that stage suggests that there is no material business for the group to consider.