

18 November 2004



Richard Brealey Esq.
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Dear Dick,

**Urgent modification to the Balancing and Settlement Code - Modification Proposal P181:
“NGC Emergency Instruction re Damhead Creek 19.05.04: Deferral of Imbalance and RCRC
Charges”**

Thank you for your letter dated 17 November 2004.

In your letter you base your justification for urgent treatment of the proposal on the fact that failure to expedite the issue would mean that it would not be possible for the issues raised by the proposal, specifically in relation to the financial impact on certain Parties, to be assessed by the industry and the Panel. Also included was a proposed procedure and timetable for Modification Proposal P181.

The Gas and Electricity Markets Authority (the “Authority”) consents to Modification Proposal P181 being treated as an Urgent Modification Proposal for the purposes of section F2.9. of the BSC on the grounds of promoting effective competition in the generation and supply of electricity. Ofgem also considers that there is a very real likelihood of significant commercial impact upon certain BSC Parties if the Modification Proposal is not treated as urgent.

The Authority has considered the procedure and timetable proposed by the BSC Panel in relation to Modification Proposal P181 and agrees with the timetable and process outlined in your letter of the 17 November 2004.

Ofgem has not, by accepting the request for this modification proposal to be given urgent status, made any judgement on the merits of the modification proposal itself or any other related modification proposal.

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

A handwritten signature in black ink, appearing to read "N. Simpson", written over a horizontal line.

Nick Simpson
Director, Modifications

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