21/07/2006

Dear Colleague,

<div align="center">

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0076**

"Right of set off under Uniform Network Code"

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Please note that Modification Proposal No 0076 will be implemented with effect from 06:00 hours on 01/09/2006. The Final Modification Report, Version 2.0, was signed by Ofgem on 19/07/2006.

The new Code text resulting from this Modification follows.

Modified Text:

TPD SECTION S: INVOICING AND PAYMENT

Amend paragraph 3.3.1 to read as follows:

> Without prejudice to paragraphs 3.8 and 4.2.2, amounts payable….

Add new paragraph 3.8 to read as follows:

3.8   Set off notice

3.8.1   A Transporter may submit a notice ("**Set off Notice**") to a User in respect of a relevant Invoice Document where either:

(a) such User has failed to make payment in full in respect of such Invoice Document by the Invoice Due Date in accordance with paragraph 3.1; or

(b) such User has agreed in writing that a Transporter may apply set off in accordance with this paragraph 3.8 and such User has not withdrawn such agreement by notice in writing at least 5 Business Days prior to any Set Off Notice;

in such case, the provisions of this paragraph 3.8 shall apply.

3.8.2   For the purposes of this paragraph 3.8 a "**relevant**" Invoice Document is an Invoice Document which:

(a)   has been submitted to the User;

(b)   comprises Invoice Amounts (including Invoice Amounts under any other relevant Invoice Document specified in the Set off Notice) which are payable both by and to a User; and

(c)   such Invoice Amounts are in respect of Transportation Charges.

3.8.3   A Set off Notice shall specify:

(a)   the identity of the User;

(b)   in respect of each relevant Invoice Document:

      (i)   the unique number by which the Invoice Document is identified;

      (ii)   the date the Invoice Document was submitted to the User;

      (iii)   the Invoice Type;

      (iv)   the Invoice Due Date;

      (v)   in respect of each Invoice Item, the Invoice Amount;

(c)   by reference to each of the Invoice Amounts payable both by and to a User under each relevant Invoice Document, the net amount payable by or to the User (the "**net invoice amount**"); and

(d)   the Invoice Document (the "**specified**" Invoice Document) in respect of which the net invoice amount is to be treated as payable (which in the case of a Set off Notice in respect of a single Invoice Document shall be such Invoice Document).

3.8.4   Following the submission of a Set off Notice:

(a)   payment of the net invoice amount by the Transporter or (as the case may be) the User on or before the Invoice Due Date of the specified Invoice Document shall be treated for the purposes of this Section S as payment in full of all Invoice Amounts payable by or to the User under each relevant Invoice Document specified in the Set off Notice;

(b)   paragraphs 3.2, 3.4 and 3.7 shall apply in respect of each relevant Invoice Document;

(c)   the Transporter or (as the case may be) the User will remain liable for the payment of interest in accordance with paragraph 3.5 in respect of the late payment of any Invoice Amount under a relevant Invoice Document where payment was not made by the Invoice Due Date; and

(d)   in the event the net invoice amount is not paid on or before the Invoice Due Date of the specified Invoice Document paragraph 3.5 shall apply in respect of each Invoice Document specified in the Set off Notice.

3.8.5   Where a User has notified the Transporter of an Invoice Query (in accordance with paragraph 4.2) in respect of an Invoice Item under a relevant Invoice Document:

(a)   prior to the submission of a Set off Notice, the Transporter shall take account of the Invoice Amount which is the subject of the Invoice Query when determining the net invoice amount payable;

              Version 1.0 created on 21/07/2006

(b)   following the submission of a Set off Notice, the Transporter may:

      (i)   make payment of any such amount for which it is liable pursuant to this Section S in respect of the Invoice Query; or

      (ii)   submit a revised Set off Notice to take account of the Invoice Amount which is subject of the Invoice Query (and the first Set off Notice shall cease to have effect).

Yours sincerely,

Julian Majdanski
Modification Panel Secretary