

30th June 1998

Network Code Development

31 Homer Road
Solihull
West Midlands B91 3LT

Telephone 0121 626 4431
Direct Line 0121 623 2021
Fax 0121 711 1451

To: Shippers, Panel Members & Non-Network Code Parties

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0203

**"Manage the Effects of Inappropriate AQs resulting from the 1997
AQ Review Process."**

Please note that Modification Proposal No:0203 was implemented with effect from 06.00 hours on 26/06/98. The Final Modification Report, Version 1.6 was signed by Ofgas on 25/06/98.

The new Network Code text resulting from this Modification is detailed below.

Modified Text:

To be inserted in Transition Document Part II, Paragraph 7:

Amend paragraph 7.9.1:

"....subject to paragraph 7.9.7,....".

Amend paragraph 7.9.3:

"Subject to paragraph 7.9.7,....".

Add new paragraph 7.9.4:

"7.9.4 Subject to paragraph 7.9.7, where following a notification under Section G1.6.8(a) the Registered User reasonably considers that:

(a) a material error has been made by Transco in revising the Annual Quantity; or

(b) Transco should have agreed to revise the Annual Quantity but did not

the Registered User may, between 7th and 20th April 1998, renotify Transco that the User considers that the Annual Quantity of the relevant Supply Meter Point still substantially fails to satisfy the requirement in Section G1.6.9."

Renumber existing paragraph 7.9.4 as 7.9.5 and amend:

"In relation to any such notification as is referred to in paragraph 7.9.3 or any such renotification as is referred to in paragraph 7.9.4...."

Add: new paragraph 7.9.6:

"7.9.6 In relation to any such renotification as is referred to in paragraph 7.9.4:

- (a) for the purposes of the estimate of the quantity which the User considers should be the Annual Quantity, the User shall base such estimate on a quantity derived from two Meter Reads (details of which it shall provide to Transco) for which the Meter Read Dates are not less than six months apart (provided that the second such Meter Read Date is no later than 31st October 1997); and
- (b) Transco will notify the User of the outcome of its consideration (pursuant to Section G1.6.8(b)(ii)) not later than 28 Days after receipt of the User's renotification and where Transco does not agree to revise the Annual Quantity it shall provide the User with details of the reasons for its decision."

Renumber existing paragraph 7.9.5 as 7.9.7 and amend:

"....under Section G1.6.8(a) or renotification under paragraph 7.9.4 in respect of the relevant Supply Meter Point, or under paragraph 7.9.3 may only be given...."

To be inserted in Transition Document Part II, Paragraph 8

Section G: (Supply Points)

Amend two existing references G1.6:

"G1.6 (1) Where the Initial Annual Quantity....

(2) Annual Quantities of Supply Meter Points...."

Add at G1.6:

"(3) For the purposes of the Gas Year 1997/98 references at Section G1.6.8(a), 1.6.11 and 1.6.12 to 31st December shall be deemed to be references to 31st January."

Amend G5.2.3:

"Until 30th September 1998....."

Section S: (Invoicing)

Add:

"S3 (1) For the purposes of paragraph (2), a "relevant month" is each of October, November and December 1997 and January 1998.

(2) In respect of NTS Exit Capacity Charges, LDZ Capacity Charges and the Capacity Variable Component of Customer Charges (each a "relevant charge"):

(a) Transco shall determine the applicable reduction amount for each User;

(b) the "applicable reduction amount" (ra) shall be:

$$ra = (A - B)$$

where:

A the relevant charge paid or payable by the User for the month of September 1997;

B the relevant charge that would have been payable by the User for the month of September 1997 had the Transportation Statement prevailing on 1st October 1997 applied to such month;

(c) in relation to the Invoice Amount for a relevant charge under an NTS Capacity Invoice and an LDZ Capacity Invoice in respect of a relevant month, Users shall be entitled to withhold payment of an amount in respect of each relevant charge not greater than the applicable reduction amount.

(3) Transco shall recalculate NTS Exit Capacity Charges and LDZ Capacity Charges paid or payable by a User for the months of October, November and December 1997 and January 1998 by reference to:

(a) subject to (b), where Transco agrees to revise the Annual Quantity following a notification under Section G1.6.8(a) and the User submits a Supply Point Reconfirmation which becomes effective on or before 6th March 1998, the revised Annual Quantity; or

(b) where Transco agrees to revise the Annual Quantity following a renotification under paragraph 7.9.4 and the User submits a Supply Point Reconfirmation which becomes effective on or before 30th June 1998, the revised Annual Quantity.

- (4) Where following the recalculation referred to at (3), it is shown that an Invoice Amount has been incorrectly stated Transco shall submit an Adjustment Invoice or as the case may be an Ad-hoc Invoice and interest shall be payable (from the Invoice Due Date of the relevant NTS Capacity Invoice or LDZ Capacity Invoice to the Invoice Due Date of the Ad-hoc Invoice or Adjustment Invoice) in respect of any such adjustment (for which purpose the Applicable Interest Rate shall be the rate under Section S3.6.4(ii))
- (5) A User may not submit an Invoice Query in respect of an Invoice Amount relating to a relevant charge under an NTS Capacity Invoice or an LDZ Capacity Invoice for the months of October, November and December 1997 and January 1998 where the Invoice Query relates to the Annual Quantity used in calculating such relevant charge.
- (6) In the event that the User's NDM Output Nomination Supply Point Meter Demands for 1st October 1997 exceeds 140% of the User's NDM Output Nomination for 30th September 1997 (any such excess being the "excess percentage"):
- (a) in respect of the whole amount payable under User's Commodity Invoice for October 1997, the User may withhold payment of an amount not greater than the excess percentage;
 - (b) where the User withholds payment of an amount under (a), the amount withheld shall be paid by the User to Transco on or before the Invoice Due Date of the User's Commodity Invoice for November 1997; and
 - (c) for the purposes of this paragraph (4), the User's NDM Output Nomination shall be that prevailing at the end of each of the relevant Days."

Yours sincerely



Dennis Rachwal
Commercial Analyst.