

19th May 1998

Service Development

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

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0214**

"NTS Optional Commodity ("Shorthaul") Tariff "

Please note that Modification Proposal No:0214 was implemented with effect from 06.00 hours on 19th May 1998. The Final Modification Report , Version 1.2 was signed by Ofgas on 18th May 1998.

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

Modified Text:

SECTION B

Amend:

- 1.8.5 (ii) ; or
- (iii) for the purposes of paragraph 3.5.3, the Applicable Commodity Rate may be the rate determined in accordance with the Transportation Statement by reference to the distance between the Specified Exit Point and the Specified Entry Point and the capacity of the Specified Exit Point, determined in accordance with Section G3.5.5, (the "NTS Optional Commodity Rate");

in each case in accordance with paragraphs 1.8.1 to 1.8.4 and (where only such rate varies according to the time of year) as applicable from time to time.

**Transco operates in the UK
and is a part of BG plc**

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Registered in England No. 2006000
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Reading, Berkshire RG6 1PT

Amend:

3.5.3 at the relevant NTS Exit Point, multiplied by the Applicable Commodity Rate(s).

Insert new paragraph:

3.5.5 Pursuant to the prevailing Transportation Statement, a User may elect that, for the purposes of paragraph 3.5.3, the Applicable Commodity Rate of NTS Commodity Charge in respect of a Specified Exit Point shall be the NTS Optional Commodity Rate, determined in accordance with the following provisions:

(i) For the purposes of Code:

an "Eligible Entry Point" is an Aggregate System Entry Point which is not a Storage Connection Point;

a "Specified Entry Point" is, in the case of a Supply Point, the Eligible Entry Point identified in the User's Nomination in accordance with Section G2.3.2(i) or, in the case of a CSEP, the Eligible Entry Point identified in the Conventional Notice in accordance with paragraph (vi);

a "Specified Exit Point" is, in the case of a Supply Point, the System Exit Point notified to Transco as the Proposed Supply Point in the User's Nomination in accordance with paragraph G2.3.2(i) or, in the case of a CSEP, the System Exit Point identified as the CSEP in the Conventional Notice in accordance with paragraph (vi);

(ii) The NTS Commodity Charge payable (for any Day) by a Registered User or CSEP User will be determined (for each Specified Exit Point) as:

- (a) the UDQO multiplied by the NTS Optional Commodity Rate applicable for the capacity (calculated in accordance with paragraph (iii)) and the distance (calculated in accordance with paragraph (iv)); and
- (b) where the UDQI is less than the UDQO, the UDQO minus the UDQI multiplied by the difference between such NTS Commodity Rate as would apply if this paragraph 3.5.5 were not applied and the NTS Optional Commodity Rate;
- (c) provided that, where a User has nominated or identified more than one Specified Exit Point at a Specified Entry Point, the UDQI shall be prorated in relation to the UDQOs at the relevant Specified Exit Points (unless the User has notified Transco and Transco has confirmed an alternative allocation of the UDQI between the relevant Specified Exit Points);

and shall be invoiced in accordance with Section S.

- (iii) For the purposes of this paragraph 3.5.5, the capacity of the Specified Exit Point shall be the Supply Point Capacity, determined in accordance with Section G5.4.1 except:
 - (a) for an LDZ Firm Supply Point the capacity shall be the sum of the DM Supply Point Capacity and the NDM Supply Point Capacity that the User is registered as holding from time to time in accordance with paragraphs 4.2 and 4.3 respectively;
 - (b) for an LDZ Interruptible Supply Point the capacity shall be the Supply Point Capacity determined in accordance with paragraph 4.6.5;

- (c) for a Shared Supply Point the capacity shall be determined in accordance with Section G1.7.15;
- (d) for a NTS CSEP the capacity shall be the maximum aggregate amount of gas which it is feasible for Transco to make available for offtake at the Connected System Exit Point in a period of 24 hours; or
- (e) for an LDZ CSEP the capacity shall be determined in accordance with paragraph 4.5.2.
- (iv) The distance (to the nearest 0.1 km) from the Specified Entry Point to the curtilage of the Specified Exit Point or the offtake from the System at the Specified Exit Point (whichever is the lesser) shall be calculated on a straight line basis using six figure grid references.
Transco shall determine a six figure grid reference for each Specified Entry Point and each Specified Exit Point (which may be revised in accordance with paragraph (vi) or Section G2.4.12).
- (v) An application for the NTS Optional Commodity Rate for a Supply Point shall be made in accordance with the provisions of Section G2.3.2(i) and, for a CSEP, shall be made in accordance with the provisions of paragraph (vi).
- (vi) A CSEP User, or a proposing CSEP User, may apply for the NTS Optional Commodity Rate in the following manner:-

 - (a) by Conventional Notice to Transco stating the CSEP User, the Specified Exit Point and the Specified Entry Point; and

- (b) Transco shall offer the NTS Optional Commodity Rate and shall provide the distance between the Specified Exit Point and the Specified Entry Point, the capacity of the CSEP determined in accordance with paragraph (iii) and the six figure grid references used; and
- (c) where the CSEP User disputes the distance specified by Transco under paragraph (b), the CSEP User may resubmit an application in accordance with paragraph (a) stating an alternative six figure grid reference for the Specified Exit Point with supporting evidence of calculation;
- (d) the CSEP User shall confirm acceptance of the offer made in accordance with paragraph (b) with effect from the first day of a month not earlier than 15 days after the submission of the confirmation (or such lesser period as Transco may specify) and not later than six months from the date of the offer.
- (vii) The provisions of this paragraph 3.5.5 shall be without prejudice to the operation of Section G6.5.4.

SECTION E

Amend the following paragraphs:

- 4.1.3 The Unauthorised Gas Flow shall not be taken into account and shall not be treated as an UDQI or UDQO for the purpose of determining the User's Daily Imbalance under paragraph 5, or for the purposes of calculating the UDQI under Section B3.5.5.
- 6.3.5 Each of the Reconciliation Transportation Charge Adjustments for a Day shall be established by multiplying the DM Reconciliation Quantity by the Applicable Commodity Rate(s) of the NTS Commodity Charge

SECTION G

Amend:

2.3.2 A Supply Point Nomination shall specify :

- (h); or
- (i) where a User wishes to apply for the NTS Optional Commodity Rate at an Eligible Exit Point, the Specified Exit Point and the Specified Entry Point.

Amend:

2.4.2. A Supply Point Offer will specify in relation to the Proposed Supply Point:

- (i); and
- (j); or
- (k) where a User has made a nomination in accordance with paragraph 2.3.2(i), the distance between the Specified Entry Point and the Proposed Supply Point, the six figure grid references, the capacity of the Proposed Supply Point and the NTS Optional Commodity Rate.

Insert new paragraph:

2.4.12 Where the User disputes the distance specified by Transco under paragraph 2.4.2 (k), the User may resubmit a Supply Point Nomination for the Proposed Supply Point stating an alternative six figure grid reference for the Proposed Supply Point with supporting evidence of calculation.

Amend:

2.5.1 A User may submit a Supply Point Confirmation to Transco;

(ii); or

(iii) in respect of a Supply Point where information has been specified in accordance with paragraph 2.4.2(k), provided that a Supply Point Offer made in respect of paragraphs 2.4.2(a) to (j) and has been or, is simultaneously being confirmed by the User under this paragraph 2.5.1.

Amend:

2.5.8 The Proposed Supply Point Registration Date shall be:

(b); or

(c) where there is an application for the NTS Optional Commodity Rate from a Registered User, the first of a month or, where the Supply Point Offer made in accordance with paragraph 2.4.2 is received by Batch Transfer Communication, the first of a month not earlier than 2 months (or such lesser period as Transco may specify);

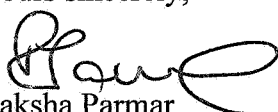
after the Supply Point Confirmation is submitted.

SECTION W

Add the following:

3.2.1 "kilometre" or "km": 1000 metres;

Yours sincerely,


Raksha Parmar
Commercial Analyst.