

Date 2nd October 1998

Network Code Development

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

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0270
"Bacton Interconnector Entry Point and the CSEP"**

**NOTICE OF NON-IMPLEMENTATION
MODIFICATION PROPOSAL No: 0267
"Treatment of Nominations and allocations at UK-Continent Interconnector for non
CSEP Users"**

Please note that The Final Modification Report was signed by Ofgas on 2nd October 1998 for Modification Proposal No: 270.

With effect from 06.00 hours on 1st October 1998, the new Network Code text resulting from this Modification is detailed below.

Modification 0267 has not been implemented.

Modified Text for 0270:

SECTION E

Insert a new paragraph 1.10 as follows:

E1.10 Combined entry and exit quantities

- 1.10.1** In relation to a Connected System Point, the Connected System Agreement may provide for the Connected System Operator to notify to Transco in relation to each Day:
- (a) a quantity (the "**measured quantity**") which represents the aggregate physical quantity determined as having flowed on the Day at the Connected System Point, which will (if there were physical gas flows in both directions at different times during the Day) reflect the net amount of such flows; and

(b) where on the Day (Irrespective of whether there were physical gas flows in both directions at different times) Users nominated gas flows both into and out of the Connected System at the Connected System Point:

(i) a quantity (the "**gross exit quantity**") which represents the aggregate amount to be treated as having flowed on the Day from the System to the Connected System at the CSEP, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow out of the Connected System at the Connected System Point; and

(ii) a quantity (the "**gross entry quantity**") which represents the aggregate amount to be treated as having flowed on the Day into the System from the Connected System at the System Entry Point, which will be a gross amount based on quantities which the Connected System Operator determines would have flowed in the absence of any nomination of a gas flow into the Connected System at the Connected System Point.

1.10.2 Transco shall have no responsibility to investigate or verify any quantity notified under paragraph 1.10.1 (b).

1.10.3 Subject to paragraph 1.10.4 the gross exit quantity and the gross entry quantity, as notified by the Connected System Operator pursuant to paragraph 1.10.1 (b)(i) and (ii), shall be the CSEP Daily Quantity Offtaken and the Entry Point Daily Quantity Delivered, respectively.

1.10.4 If for any Day the net sum of the gross entry quantity and the gross exit quantity is not equal to the measured quantity, or the Connected System Operator fails to notify to Transco the gross entry quantity and gross exit quantity by the time required under the Connected System Agreement, the CSEP Daily Quantity Offtaken (where the measured quantity represents a flow out of the System) or the Entry Point Daily Quantity Delivered (where the measured quantity represents a flow into the System) shall be the measured quantity, and the other shall be zero.

1.10.5 If it appears that paragraph 1.10. 4 will or may apply in relation to any Day, Transco will (before the latest time by which the Connected System Operator is required to provide the details referred to in that paragraph) so notify the Connected System Operator so as to give the Connected System Operator an opportunity to provide or correct such details and avoid the application of that paragraph.

1.10.6 In this paragraph 1.10.

- (a) **"Connected System Point"** means a System Point which (as contemplated in Section J5.3.1) is both a Connected System Exit Point and a System Entry Point;
- (b) **"Connected System Agreement"** means the combined Network Exit Agreement and Network Entry Agreement in respect of a Connected System Point;
- (c) **"Connected System"** means a Connected Offtake System which is also a Connected Delivery Facility;
- (d) references to the Connected System Operator include such operator as Delivery Facility Operator.

SECTION I

Delete paragraphs 1.7.1 and 1.7.2

CSEP Ancillary Agreement

UK-Continent Interconnector

Recital B - delete and replace with:

"This Agreement is in a form designated by Transco with Condition 7(4) Approval of the Director and is being entered into pursuant to Section J5.9.1 as a CSEP Ancillary Agreement in relation to the Connected System Exit Point at Bacton at which the UK-Continent interconnector is connected to the System.

Clause 1.1 - Definition of "CSEP User" - delete and replace with:

"CSEP User" : a Party to this Agreement other than Transco;

Clause 1.6 - delete.

Clause 3.1 - delete and replace with.

"3.1 For the purposes of Section J5.6.4 a User must:

- (i) be a party to or accede to any Designated Agency Agreement which is for the time being in force; and

(ii) comply with any requirements stipulated in such Agreement for the purposes of this clause 3. 1 (ii);

before it may become a CSEP User in relation to the CSEP and be admitted as a Party."

Clause 3.2 - delete and replace with:

“3.2 By executing or acceding to this Agreement a User shall be deemed to have given notice to Transco pursuant to Section J5.6.1 in respect of the CSEP.

Clause 3.8 - delete.

Clause 9 - delete and replace with:

9. Combined entry and exit flows

Transco and CSEP Users acknowledge that Section El. 10 applies in respect of the CSEP (and the corresponding System Entry Point).

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Rachwal".

Dennis Rachwal
Commercial Analyst