

Date 2nd November 1998

Network Code Development

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

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Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 268
"Amendment to the Default Allocation Rules of the UK-Continent and GB-Ireland
CSEP Ancillary Agreements"**

Please note that The Final Modification Report , Version 1.2 was signed by Ofgas on 30 October 1998 for Modification Proposal No: 0268.

With effect from 06.00 hours on 12 November 1998, the new Network Code text resulting from this Modification is detailed below.

Modified Text:

**CSEP Ancillary Agreement
UK-Continent Interconnector**

Clause 6.6 - delete (b) and replace with:

- (b) where this paragraph applies:
- (i) as to the Non-Curtailed Amount, to CSEP Users in proportion to the sum (for each CSEP User) of its Within-Day Nomination Quantities for the Non-Curtailed Period under its Firm and Interruptible Nominations;
 - (ii) as to the Curtailed Amount:
 - (1) first to CSEP Users in proportion to the lesser (for each CSEP User) of:
 - (x) the Within-Day Nomination Quantity for the Curtailed Period under the User's Firm Nomination, and
 - (y) the User's Firm Within-Day Capacity Entitlement for the Curtailed Period;
- up to a maximum of the aggregate for each CSEP User of the lesser of the

amounts in paragraphs (x) or (y);

(2) secondly, to CSEP Users in proportion to the sum (for each CSEP User) of:

(x) the amount (if any) by which (for each CSEP User) the Within-Day Nomination Quantity for the Curtailed Period under the User's Firm Nomination exceeded the User's Firm Within-Day Capacity Entitlement for the Curtailed Period, and

(y) the Within-Day Nomination Quantity for the Curtailed Period under the User's Interruptible Nomination,

up to a maximum of the aggregate for each CSEP User of the sum of the amounts in paragraphs (x) and (y);

(3) lastly, as to any remaining amount, in proportion to the sum (for each CSEP User) of its Within-Day Nomination Quantities for the Curtailed Period under its Firm and Interruptible Nominations.

6.7 Paragraph (b) of clause 6.6 applies in relation to any Day for which Transco gave a Curtailment Notice.

6.8 (a) (b) and (c)(i) unchanged. Delete (c)(ii) and replace with:-

(ii) if the CSEP User's Firm Available Capacity is equal to or exceeds its Firm Nominated Quantity (and the Firm Nominated Quantity is one or greater), in respect of the Firm CSEP up to but not exceeding the CSEP User's Firm Available Capacity and thereafter for any amounts exceeding the CSEP User's Firm Available Capacity, in respect of the Interruptible CSEP.

Add (c)(iii):-

(iii) except where paragraphs (i) and (ii) apply, entirely in respect of the Interruptible CSEP.

6.9 In respect of a Day for which Transco gave an Interruption Notice, the quantity of gas allocated (pursuant to clause 6.8) in respect of the Firm CSEP shall not exceed its Firm Available Capacity, and all gas allocated to the CSEP User in excess of its Firm Available Capacity shall be allocated in respect of the Interruptible CSEP.

6.10 For the purposes of this clause 6:

(a) a CSEP User's "**Firm**" and "**Interruptible**" Nominations are its Output Nominations and Renominations (made in compliance with the Code) respectively for the Firm and the Interruptible CSEP;

- (b) a CSEP User's "**Firm Available Capacity**" is its Available NTS Exit Capacity at the Firm CSEP;
- (c) "**Curtailed Period**" means any period(s) of the Day commencing from the next hour after a Curtailment Notice has been issued and ending at the earlier of the time when the Curtailment is lifted and the end of the Day;
- (d) "**Non-Curtailed Period**" means any period(s) of the Day other than Curtailed Period(s);
- (e) the "**Within-Day Nomination Quantity**" for a CSEP User in respect of any Period of the Day is:

For the first Period in the Day this shall be calculated by dividing the CSEP Users Output Nomination prevailing at the last hour in the Period by the number of hours in the Day and multiplying by the duration of such Period.

For the second and subsequent Periods this shall be calculated by:

Taking the CSEP Users Output Nomination prevailing at last hour in the Period minus the Within Day Nominated Quantity for any earlier Periods, divided by the number of hours remaining in the Day (from the beginning of the Period) and multiplied by the duration of such Period;

- (f) "**Curtailed Amount**" means the Within-Day Aggregate Quantity for any Curtailed Period in the Day;
- (g) "**Non-Curtailed Amount**" means the Within-Day Aggregate Quantity for any Non-Curtailed Period in the Day;
- (h) the "**Within-Day Aggregate Quantity**" for any period is the quantity determined by the CSEP NExA, except where, in accordance with the CSEP NExA, the information received from the CSO under the CSEP NExA is incomplete or invalid, in which case, the Within-Day Aggregate Quantity shall be determined by pro-rating the CSEP Daily Quantity Offtaken to the Within-Day Nomination Quantity prevailing for the relevant period;
- (i) a CSEP User's "**Firm Within-Day Capacity Entitlement**" in respect of any period is a quantity determined as the CSEP User's Firm Available Capacity, divided by 24, multiplied by the duration (in hours) of such period;
- (j) a CSEP User's "**Firm**" and "**Interruptible**" Nominated Quantities are the Nominated Quantities under its Firm and Interruptible Nominations respectively;
- (k) a "**Period**" means either a Curtailed or a Non-Curtailed Period.

6.11 [unchanged]

- 6.12 Where clause 6.6(b) applies, the information under paragraph 6.6(b) will be determined, on the 4th Day after the Gas Flow Day, and on the Exit Close-out Date, in accordance with clause 6.6(b), and on preceding Days, as though clause 6.6(a) applied.

**CSEP Ancillary Agreement
GB-Ireland Interconnector**

Clause 6.6 - delete (b) and replace with:

- (b) where this paragraph applies:
- (i) as to the Non-Curtailed Amount, to CSEP Users in proportion to the sum (for each CSEP User) of its Within-Day Nomination Quantities for the Non-Curtailed Period under its Firm and Interruptible Nominations;
 - (ii) as to the Curtailed Amount:
 - (1) first to CSEP Users in proportion to the lesser (for each CSEP User) of:
 - (x) the Within-Day Nomination Quantity for the Curtailed Period under the User's Firm Nomination, and
 - (y) the User's Firm Within-Day Capacity Entitlement for the Curtailed Period;up to a maximum of the aggregate for each CSEP User of the lesser of the amounts in paragraphs (x) or (y);
 - (2) secondly, to CSEP Users in proportion to the sum (for each CSEP User) of:
 - (x) the amount (if any) by which (for each CSEP User) the Within-Day Nomination Quantity for the Curtailed Period under the User's Firm Nomination exceeded the User's Firm Within-Day Capacity Entitlement for the Curtailed Period, and
 - (y) the Within-Day Nomination Quantity for the Curtailed Period under the User's Interruptible Nomination,up to a maximum of the aggregate for each CSEP User of the sum of the amounts in paragraphs (x) and (y);
 - (3) lastly, as to any remaining amount, in proportion to the sum (for each CSEP User) of its Within-Day Nomination Quantities for the Curtailed Period under its Firm and Interruptible Nominations.

6.7 Paragraph (b) of clause 6.6 applies in relation to any Day for which Transco gave a Curtailment Notice.

6.8 (a) (b) and (c)(i) unchanged. Delete (c)(ii) and replace with:-

- (ii) if the CSEP User's Firm Available Capacity is equal to or exceeds its Firm Nominated Quantity (and the Firm Nominated Quantity is one or greater), in respect of the Firm CSEP up to but not exceeding the CSEP User's Firm Available Capacity and thereafter for any amounts exceeding the CSEP User's Firm Available Capacity, in respect of the Interruptible CSEP.

Add (c)(iii):-

- (iii) except where paragraphs (i) and (ii) apply, entirely in respect of the Interruptible CSEP.

6.9 In respect of a Day for which Transco gave an Interruption Notice, the quantity of gas allocated (pursuant to clause 6.8) in respect of the Firm CSEP shall not exceed its Firm Available Capacity, and all gas allocated to the CSEP User in excess of its Firm Available Capacity shall be allocated in respect of the Interruptible CSEP.

6.10 For the purposes of this clause 6:

- (a) a CSEP User's "**Firm**" and "**Interruptible**" Nominations are its Output Nominations and Renominations (made in compliance with the Code) respectively for the Firm and the Interruptible CSEP;
- (b) a CSEP User's "**Firm Available Capacity**" is its Available NTS Exit Capacity at the Firm CSEP;
- (c) "**Curtailed Period**" means any period(s) of the Day commencing from the next hour after a Curtailment Notice has been issued and ending at the earlier of the time when the Curtailment is lifted and the end of the Day;
- (d) "**Non-Curtailed Period**" means any period(s) of the Day other than Curtailed Period(s);
- (e) the "**Within-Day Nomination Quantity**" for a CSEP User in respect of any Period of the Day is:

For the first Period in the Day this shall be calculated by dividing the CSEP Users Output Nomination prevailing at the last hour in the Period by the number of hours in the Day and multiplying by the duration of such Period.

For the second and subsequent Periods this shall be calculated by:

Taking the CSEP Users Output Nomination prevailing at last hour in the Period minus the Within Day Nominated Quantity for any earlier Periods, divided by the number of hours remaining in the Day (from the beginning of the Period) and multiplied by the duration of such Period;

- (f) "**Curtailed Amount**" means the Within-Day Aggregate Quantity for any Curtailed Period in the Day;

- (g) **“Non-Curtailed Amount”** means the Within-Day Aggregate Quantity for any Non-Curtailed Period in the Day;
- (h) the **“Within-Day Aggregate Quantity”** for any period is the quantity determined by the CSEP NExA except where, in accordance with the CSEP NExA, the information received under the CSEP NExA is incomplete or invalid, in which case, the Within-Day Aggregate Quantity shall be determined by pro-rating the CSEP Daily Quantity oftaken to the Within-Day Nomination Quantity prevailing for the relevant period ;
- (i) a CSEP User’s **“Firm Within-Day Capacity Entitlement”** in respect of any period is a quantity determined as the CSEP User’s Firm Available Capacity, divided by 24, multiplied by the duration (in hours) of such period;
- (j) a CSEP User’s **“Firm”** and **“Interruptible”** Nominated Quantities are the Nominated Quantities under its Firm and Interruptible Nominations respectively.
- (k) a **"Period"** means either a Curtailed or a Non-Curtailed Period.

6.11 [unchanged]

6.12 Where clause 6.6(b) applies, the information under paragraph 6.6(b) will be determined, on the 4th Day after the Gas Flow Day, and on the Exit Close-out Date, in accordance with clause 6.6(b), and on preceding Days, as though clause 6.6(a) applied.

Annex A

Form of Accession Agreement

Recital A - delete and replace with:

“By the CSEP Ancillary Agreement dated 25 August 1998 and made between Transco and the persons named therein (as now in force pursuant to any Accession Agreement entered into by any other new Party before the date of this Accession Agreement and as from time to time amended or modified), the Parties agreed certain matters in relation to the CSEP”.

Yours sincerely



Dennis Rachwal
Commercial Analyst.