

Date 9th November 1998

Network Code Development

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

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0273
"Additional Entry Capacity Services"**

Please note that The Final Modification Report , Version 2.0 was signed by Ofgas on 09/11/98 for Modification Proposal No: 0273.

With effect from 06.00 hours on 10th November 1998, the new Network Code text resulting from this Modification is detailed below.

Transco Commercial Operations Department are despatching information packs to Shippers to enable these services to come into operation. Please note that existing Entry Capacity Bookings and Trades (with the exception of LNG sites and Hornsea) will be terminated with effect from 06.00 hours on 17th November 1998. Rebookings of Entry Capacity will need to be submitted on the Gas Day 13th November 1998. Full details are in the information pack.

Operational Support if needed, will be available through usual contacts in Commercial Operations i.e. 01455-232840, or 01455-232842, or 01455-232844 or fax 01455-236720.

Modified Text:

SECTION B

B1.2.2 The classes of System Capacity are System Entry Capacity, Daily System Entry Capacity, Secondary System Entry Capacity, NTS Exit Capacity, LDZ Capacity and Supply Point Capacity.

B1.2.3(e) **"Daily System Entry Capacity"** at an Aggregate System Entry Point is the available capacity which a User has applied for on a Day and been allocated in accordance with paragraphs 2.2.12 to 2.2.18.

B1.2.3 (f) **" Secondary System Entry Capacity"** at an Aggregate System Entry Point is the available capacity which a User has applied for on a Day and has been allocated in accordance with paragraphs 2.2.19 to 2.2.25.

B1.6other than 29th February in any Gas Year except that applications for Daily System Entry Capacity and Secondary System Entry Capacity may be made on or in respect of 29th February.

B2 SYSTEM ENTRY CAPACITY

B2.2.1 A User may apply for System Entry Capacity, and except in respect of LNG Facilities, Daily System Entry Capacity and Secondary System Entry Capacity at an Aggregate System Entry Point subject to and in accordance with this paragraph 2.2.

2.2.2 - 2.2.11 Unchanged

Daily System Entry Capacity

2.2.12 Each User may make a maximum of 5 applications for Daily System Entry Capacity in respect of each Aggregate System Entry Point and any such application for Daily System Entry Capacity:

(a) shall specify:

- (i) the identity of the User;
- (ii) the Aggregate System Entry Point;
- (iii) the amount of Daily System Entry Capacity applied for, giving a maximum and minimum requirement where applicable in any number of multiples of 150,000 kWh (5000 therms);
- (iv) the offer price (up to four decimal places) for such Daily System Entry Capacity;
- (v) the proposed date of registration;

(b) shall be submitted between 11.00 hours and 13.00 hours on the Day before the proposed date of registration.

2.2.13 Transco will reject an application for Daily System Entry Capacity:

- (i) where the requirements of paragraph 2.2.12 are not complied with, or
- (ii) in accordance with Section V3;
- (iii) in accordance with paragraph 2.2.15.

- (iv) where the offer price is less than the minimum price specified in the prevailing Transportation Statement.

2.2.14 A User shall not be permitted to withdraw an application for Daily System Entry Capacity once the time for applications has closed at 13.00 hours on the Day before the proposed date of registration.

2.2.15 In respect of each Day at each Aggregate System Entry Point, Transco will make allocations in accordance with the following procedure:

- (i) Transco will allocate Daily System Entry Capacity up to a maximum of Transco's assessment of the physical capability of the Aggregate System Entry Point less the aggregate System Entry Capacity for all Users at the Aggregate System Entry Point;
- (ii) Where applications for Daily System Entry Capacity from two or more Users in respect of the same Aggregate System Entry Point are identically priced and Transco is not able to allocate all such applications, because the aggregate of the Daily System Entry Capacity applied for exceeds that which is available for allocation, then all such identically priced applications shall be rejected by Transco;
- (iii) allocations will be made in descending order of offer price;
- (iv) Transco will only allocate to a User, Daily System Entry Capacity in respect of the Aggregate System Entry Point, where the whole amount (on a non divisible basis) of such Daily System Entry Capacity applied for (having regard to the maximum and minimum requirement referred to in paragraph 2.2.12 (a) (iii)) is no greater than the Daily System Entry Capacity which is available for allocation in accordance with this procedure. Where Transco is not able to so allocate any amounts of Daily System Entry Capacity due to the requirements of this paragraph 2.2.15(iv) such Daily System Entry Capacity will remain available for allocation to the next User in accordance with this procedure;
- (v) Transco shall continue to repeat this procedure until all such Daily System Entry Capacity has been allocated unless Transco is not so able to allocate using this procedure in which case it shall remain unallocated.

- 2.2.16 The User (if its application is approved) will be registered as holding Daily System Entry Capacity at the Aggregate System Entry Point (" **Registered Daily System Entry Capacity**") for a fixed period ("the capacity period") of one Day.
- 2.2.17 A User may not apply for Daily System Entry Capacity at an Aggregate System Entry Point other than as set out in paragraph 2.2.12.
- 2.2.18 On the expiry of the capacity period the User shall cease to be registered as holding Registered Daily System Entry Capacity at the relevant Aggregate System Entry Point, but without prejudice to any new application under paragraph 2.2.12 in respect of another Day.

Secondary System Entry Capacity

- 2.2.19 Each User may make a maximum of 5 applications for Secondary System Entry Capacity in respect of an Aggregate System Entry Point and any such application for Secondary System Entry Capacity:
- (a) shall specify:
- (i) the identity of the User;
- (ii) the Aggregate System Entry Point;
- (iii) the amount of Secondary System Entry Capacity applied for (in kWh), giving a maximum and minimum requirement where applicable in any number of multiples of 150,000 kWh (5000 therms);
- (iv) the offer price (up to four decimal places) for such Secondary System Entry Capacity;
- (v) the proposed date of registration;
- (b) shall be submitted between 11.00 hours and 13.00 hours on the Day before the proposed date of registration.
- 2.2.20 Transco will reject an application for Secondary System Entry Capacity:
- (i) where the requirements of paragraph 2.2.19 are not complied with,
- or
- (ii) in accordance with Section V3;
- (iii) in accordance with paragraph 2.2.22.

- (iv) where the offer price is less than the minimum price specified in the prevailing Transportation statement.

2.2.21 A User shall not be permitted to withdraw an application for Secondary System Entry Capacity once the time for application has closed at 13.00 hours on the Day before the proposed date of registration.

2.2.22 In respect of each Day at each Aggregate System Entry Point, Transco will make allocations in accordance with the following procedure:

- (i) Transco will allocate Secondary System Entry Capacity up to a maximum of the difference between Transco's assessment of the likely Input Nominations at 16.00 hours on the Preceding Day and the lesser of the aggregate System Entry Capacity for all Users at the Aggregate System Entry Point and Transco's assessment of the physical capability of the Aggregate System Entry Point.
- (ii) Where applications for Secondary System Entry Capacity from two or more Users in respect of the same Aggregate System Entry Point are identically priced and Transco is not able to allocate all such allocations, because the aggregate of the Secondary System Entry Capacity applied for exceeds that which is available for allocation, then all such identically priced applications shall be rejected by Transco.
- (iii) allocations will be made in descending order of offer price.
- (iv) Transco will only allocate to a User, Secondary System Entry Capacity, in respect of the Aggregate System Entry Point, where the whole amount (on a non divisible basis) of such Secondary System Entry Capacity applied for (having regard to the maximum and minimum requirement referred to in paragraph 2.2.19 (a) (iii) is no greater than the Secondary System Entry Capacity which is available for allocation in accordance with this procedure. Where Transco is not able to so allocate any amounts of Secondary System Entry Capacity due to the requirements of this paragraph 2.2.22 (iv) such Secondary System Entry Capacity will remain available for allocation to the next User in accordance with this procedure;

(v) Transco shall continue to repeat this procedure until either all such Secondary System Entry Capacity has been allocated unless Transco is not able to so allocate using this procedure in which case it shall remain unallocated:

2.2.23 The User (if its application is approved) will be registered as holding Secondary System Entry Capacity at the Aggregate System Entry Point ("**Registered Secondary System Entry Capacity**") for a fixed period ("**the capacity period**") of one Day. During the capacity period a User's Registered Secondary System Entry Capacity shall (subject to Section V 4.3) only be reduced or cancelled in accordance with paragraph 2.7.

2.2.24 A User may not apply for additional Secondary System Entry Capacity at an Aggregate System Entry Point other than as set out in paragraph 2.2.19.

2.2.25 On the expiry of the capacity period the User shall cease to be registered as holding Registered Secondary System Entry Capacity at the relevant Aggregate System Entry Point, but without prejudice to any new application under paragraph 2.2.19 in respect of another Day.

2.3 **ENTRY CHARGES**

2.3.3 A User shall pay charges ("**Daily System Entry Charges**") in respect of Registered Daily System Entry Capacity at Aggregate System Entry Points.

2.3.4 The Daily System Entry Charge payable by a User in respect of each Day will be determined for each Aggregate System Entry Point as such administration charge (if any) as is set out in the Transportation Statement and the amount of its Registered Daily System Entry Capacity multiplied by the lowest offer price accepted by Transco for that Day, of the relevant bids comprised in the Registered Daily System Entry Capacity at that Aggregate System Entry Point.

2.3.5 A User shall pay charges ("**Secondary System Entry Charges**") in respect of Registered Secondary System Entry Capacity at Aggregate System Entry Points *less any amount scaled back in accordance with paragraph 2.7.*

2.3.6 The Secondary System Entry Charge payable by a User in respect of each Day will be determined for each Aggregate System Entry Point as such administration charge (if any) as is set out in the Transportation Statement and the amount of its

Registered Secondary System Entry Capacity multiplied by the lowest offer price, accepted by Transco for that Day, of the relevant bids comprised in the Registered Secondary System Entry Capacity at that Aggregate System Entry Point.

- 2.3.7 System Entry Capacity Charges, Daily System Entry Charges and Secondary System Entry Charges will be invoiced and payable in accordance with Section S.

2.5 **FLEXIBILITY OVERRUNS**

- 2.5.1(ii) for any reason the quantity of gas delivered by the User to the System at the Bid Aggregate System Entry Point exceeds the sum of the User's Available System Entry Capacity, the User's Registered Daily System Entry Capacity and the User's Registered Secondary System Entry Capacity (reduced by any amount scaled back in accordance with paragraph 2.7)

- 2.5.2(b)(i) exceeds the sum of the User's Available System Entry Capacity, the User's Registered Daily System Entry Capacity and the User's Registered Secondary System Entry Capacity (reduced by any amount scaled back in accordance with paragraph 2.7) in respect of such Bid Aggregate System Entry Point, and

2.6 **OVERRUN CHARGES**

- 2.6.1 If for any reason.....exceeds the sum of the User's Available System Entry Capacity, the User's Registered Daily System Entry Capacity and the User's Registered Secondary System Entry Capacity (reduced by any amount scaled back in accordance with paragraph 2.7)

- 2.6.2(a) the " **overrun quantity**" in respect of an overrun day is the amount by which theexceeds the sum of the User's Available System Entry Capacity, the User's Registered Daily System Entry Capacity and the User's Registered Secondary System Entry Capacity (reduced by any amount scaled back in accordance with paragraph 2.7).

2.7 SCALING BACK

2.7.1 Transco will periodically monitor, before and during Day, the prevailing level of User Input Nominations at each Aggregate System Entry Point. Where such Input Nominations increase to the extent that the available Secondary System Entry Capacity (calculated in accordance with paragraph 2.2.22(i)) is less than the aggregate Registered Secondary System Entry Capacity for all Users at the Aggregate System Entry Point then scaling back will take place in accordance with the further provisions of this paragraph 2.7.

2.7.2 Transco will cancel all or part of a User's Registered Secondary System Entry Capacity ("**scaling back**") in reverse order of offer price (cheapest first) to the point where Registered Secondary System Entry Capacity is less than or equal to the available Secondary System Entry Capacity (calculated in accordance with paragraph 2.2.22(i)) by scaling back whole bids (no part bids) and where allocations have been made pursuant to identically priced bids by scaling back all such allocations.

2.7.3 Scaling back will take place before or during the Day and will take effect on the hour at least 60 minutes following notification by Transco to a User of the scaling back.

2.7.4 Secondary System Entry Capacity will not be scaled back to an extent where the User's Registered Secondary System Entry Capacity is less than 1/24 of the User's Registered Secondary System Entry Capacity at the beginning of the Day for each hour of the Day which has expired prior to effective time of the scaling back in paragraph 2.7.3. For the purposes of paragraphs 2.5 and 2.6 where scaling back occurs within Day a Users Registered Secondary System Entry Capacity will be:-

$$x / 24 * C$$

where x = the number of whole elapsed hours in the Day prior to the effective scaling time calculated in paragraph 2.7.3

C = the Users Registered Secondary System Entry Capacity notified in accordance with paragraph 2.2.22(i)

2.7.5 Transco will not undertake scaling back after 00.00 on the Day.

2.7.6 Where scaling back happens

(a) before the Day (in accordance with paragraph 2.7) no charge shall be made in respect of such Registered Secondary Entry Capacity;

(b) within the Day (in accordance with paragraph 2.7) Transco shall charge each User on the basis of the amount of Registered Secondary Entry Capacity available to such User after scaling back has taken place.

B5 CAPACITY TRANSFER

B5.1.6 Daily System Entry Capacity and Secondary System Entry Capacity cannot be transferred.

TRANSITION DOCUMENT PART II

SECTION 8 MISCELLANEOUS

8.1 Section B: System use and capacity

8.1.1 B1.8.2 Insert additional sentence to read:

"For the purposes of Transco's notification entitled Daily Capacity Services at Entry developed from pricing consultation paper PC 36 Section B1.8.2 shall not apply."

8.1.3 B2.2.7 delete and replace with:

"Notwithstanding Section B2.2.7, except for System Entry Capacity registered as held at LNG Facilities and the Hornsea Facility, System Entry Capacity registered as held at any Aggregate System Entry Point for any capacity period whose date of registration is on or before 16th November 1998 will be deemed terminated at the close of the Day commencing on 16th November 1998. .

Insert additional paragraphs to read:

"8.1.1. A For the purposes of paragraph B.2.2.13, Transco will reject an application for Daily System Entry Capacity where the Aggregate System Entry Point is a Restricted System Capacity Point.

For the purposes of Paragraph B.2.2.20, Transco will reject an application for Secondary System Entry Capacity, where the Aggregate System Entry Point is a Restricted System Capacity Point."

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Rachwal", with a stylized flourish at the end.

Dennis Rachwal
Commercial Analyst.