30/05/2001

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0429

"Section P Rewrite"

Please note that Modification Proposal No 0429 will be implemented with effect from 06:00 hours on 01/06/2001. The Final Modification Report, Version 4.0, was signed by Ofgem on 25/05/2001.

The new Network Code text resulting from this Modification follows.

Modified Text:

SECTION P: TOP-UP STORAGE

Amend paragraph 1.1.1 as follows:

"…Gas-in-storage held by Storage Users, and the quantities of gas withdrawn from Storage Facilities by Storage Users …".

Delete existing paragraph 1.1.3 and insert text currently at paragraph 1.2.1 amended as follows:

"1.1.3 The Top-up Manager may be a Storage User of Storage Facilities in accordance with the relevant Storage Terms; and in particular the Top-up Manager:

(i) may apply for and hold Storage Capacity in, and inject and withdraw gas to and from Storage Facilities,

(ii) may make Storage Gas Transfers, and

(iii) may, where appropriate, incur and pay Storage Charges

in accordance with the Relevant Storage Terms.".

Amend heading at paragraph 1.2 to read 'The Top-up Manager as a User of Transco LNG Storage Facilities'.

Renumber paragraph 1.2.2 as paragraph 1.2.1 and amend as follows:

"1.2.1 The General Provisions of Section Z are modified in respect of their application to the Top-up Manager as follows:

(i) the requirements of Section Z3 as to timing and approval of applications for Storage Capacity shall not apply to the Top-up Manager (and the Top-up

Manager will only apply for capacity in a Transco LNG Storage Facility in accordance with Section Z3.7);

(ii) the requirements of Section Z5 as to the notice required of changes to injection quantities shall not apply to Top-up Manager;

(iii) Storage Overrun Charges will not be payable by the Top-up Manager in respect of injection to a Transco LNG Storage Facility outside the Transco LNG Injection Period; and

(iv) the Top-up Manager may surrender the Storage Capacity in accordance with paragraphs 2.9, 4.1 and 4.4.".

Renumber paragraph 1.2.3 as paragraph 1.2.2 and amend as follows:

"…applies for Storage Capacity in a Transco LNG Storage Facility … rates under Section Z3.1.3 (f).".

Add new paragraph 1.2.3 as follows:

"1.2.3 When entering into Storage Terms in respect of a Storage Facility other than a Transco LNG Storage Facility the Top-up Manager shall endeavour to ensure that such Storage Terms contain terms which give the Top-up Manager rights of an equivalent nature to those referred to in paragraph 1.2.1, and the Top-up Manager shall not be under any obligation to enter into Storage Terms which so provide and the Top-up Manager shall not be liable to Users in any respect should any other Storage Terms to which it is a party not so provide.".

Amend paragraph 1.3.1(i) as follows:

"(i) in accordance with Section B may apply for and hold System Entry Capacity at System Entry Points and NTS Exit Capacity at Storage Connection Points;".

Amend paragraph 1.3.1(v) as follows:

"…under Section F; and".

Delete paragraph 1.3.2 and renumber paragraph 1.3.3 as 1.3.2.

Amend paragraph 1.4.2 as follows:

"…Storage Facility referred to in paragraph 1.4.3 or …".

Add new paragraph 1.4.3 as follows:

"1.4.3 For the purposes of this Section P a Storage Facility is a:

(i) "**Short Duration**" facility, where the Maximum Storage Duration is less than 10 Days;

(ii) "**Medium Duration**" facility, where the Maximum Storage Duration is 10 or more Days but less than 30 Days; or

(iii) "**Long Duration**" facility, where the Maximum Storage Duration is equal to or greater than 30 Days

and a Storage Facility Type is "**shorter**" than any other Storage Facility Type where facilities of such type have a shorter Maximum Storage Duration.".

Amend paragraphs 1.5.1, 1.5.2 and 1.5.3 as follows:

"1.5.1 The Top-up Manager shall have access to such details of the use of a Storage Facility by all Storage Users as may be provided for under the relevant Storage Connection Agreement.

1.5.2 In particular, each Storage Operator will provide to the Top-up Manager:

(i) where the Top-up Manager so requests, the details of the amounts of aggregate Storage Capacity allocated to Storage Users for each Storage Facility for the Storage Year or remaining part of the Storage Year pursuant to applications for Storage Capacity under the relevant Storage Terms;

(ii) on a daily basis throughout the Storage Year, details for each Storage Facility of Storage Users' aggregate Storage Capacity, injections, withdrawals and gas-in-storage; and

(iii) where the Top-up Manager so requests, details of the Applicable Total Storage Space, the Applicable Total Storage Deliverability and Maximum Injection Rate of each Storage Facility.

1.5.3 Each Storage Operator shall ensure that its Storage Terms permit the disclosure by the Storage Operator to the Top-up Manager of the information referred to in paragraph 1.5.2(i) and (ii).".

Amend paragraph 2.1.2(iii) as follows:

"The "**Constrained Storage Requirement**" in respect of a Constrained Storage Facility … arising in the constrained LDZ(s) on…".

Amend the introduction in paragraph 2.2.1 as follows:

"The Top-up Manager will determine, by not later than 15th April in the preceding Storage Year, on the basis of Storage Capacity allocated by each Storage Operator to Transco for Operating Margins Purposes and to Storage Users pursuant to the Relevant Storage Terms prior to such date:

…".

Amend paragraph 2.2.1(i), (ii) and (iii) by deleting references to "Constrained LNG Facility" and substituting the words "Constrained Storage Facility".

Amend paragraph 2.2.1(ii) as follows:

"…Facility associated with the top-up constrained space requirement…".

Amend paragraph 2.2.1(v) as follows:

"…in each Storage Facility associated with the 1-in-20…".

Amend paragraph 2.2.1(viii) as follows:

"…in each Storage Facility associated with the 1-in-50 top-up space requirement (after taking account of…but subject to paragraph 2.3.3;".

Amend paragraphs 2.2.2, 2.2.3 and 2.2.4 as follows:

"2.2.2 For the purposes of paragraph 2.2.1:

(i) "**Allocated Storage Space**" is the aggregate amount at 15th April in the Preceding Storage Year of Storage Space allocated by all Storage Operators to Storage Users in respect of the Storage Year pursuant to applications, in accordance with the relevant Storage Terms other than to Transco for Operating Margins Purposes:

(ii) "**Allocated Storage Deliverability**" is the sum of:

(a) the aggregate amount of Storage Deliverability allocated to Storage Users in respect of Short Duration and Medium Duration Storage Facility Types for the Storage Year pursuant to applications under the relevant Storage Terms, other than to Transco for Operating Margins Purposes; and

(b) in respect of each Storage Facility which is a Long Duration Storage Facility, the aggregate of the Applicable Total Storage Deliverability for each such facility.

2.2.3 Where the Top-up Manager revises the supply security levels during the Storage Year in accordance with paragraph 2.6.1 (following a new Storage Facility becoming operational) the Top-up Manager may redetermine any of the requirements and/or amounts in paragraph 2.2.1 for which purposes the Allocated Storage Space and the Allocated Storage Deliverability shall be construed by reference to the Storage Space and Storage Deliverability allocated by Storage Operators to Storage Users for the remaining part of the Storage Year falling after the date from which the Top-up Manager makes any such redetermination.".

Renumber paragraph 2.2.5 as 2.2.4 and amend as follows:

"Following its determinations under paragraph 2.2.1 or 2.2.3, and…Winter Period by allocating or reallocating the Aggregate…Storage Space, the Top-up Space Requirement and Top-up Deliverability Requirement and…".

Amend paragraph 2.3.1 as follows:

"… the Top-up Manager will as soon as practicable following the start of the Storage Year (but not before) apply for …".

Amend paragraph 2.3.2(i) as follows:

"…for all Storage Facilities; or" .

Amend paragraph 2.3.2 as follows:

"…or **"Uncommitted Storage Deliverability"**.".

Amend paragraph 2.3.3 as follows:

"… Top-up Manager may apply for interruptible Storage Space.".

Amend paragraph 2.3.4 as follows:

"2.3.4 Where following the Transco LNG Invitation Close Date and after the date when the Top-up Manager applies for Storage Capacity in a Transco LNG Storage Facility, any Storage User applies for and is registered as holding Storage Capacity in a Transco LNG Storage Facility, paragraph 4.4. will apply.".

Amend paragraph 2.4.1(i) as follows:

"… in respect of Relevant Residual Gas by Transco for Operating Margins Purposes in accordance with Section K3.2; and ".

Amend paragraph 2.4.2 as follows:

"….but only to the extent that the objective…".

Amend paragraph 2.5.1 as follows:

"… provisions of Sections K3.2 and -K3.3 apply …".

Amend paragraph 2.5.2(iii) as follows:

"… pursuant to Section K3.2.".

Amend paragraph 2.5.2(iv) as follows:

"… in Section K3.2.".

Amend paragraph 2.5.3 as follows:

"… will be made to Users pursuant to paragraph 6.".

Amend paragraph 2.6.1 as follows:

"…

(iii) …revised supply security levels

and where during the Storage Year a Storage Facility which was not operational in the Preceding Storage Year becomes operational the Top-up Manager will estimate, and where they differ from the supply security levels previously notified promptly notify Users of, revised supply security levels.".

Amend paragraph 2.6.2 as follows:

"… referred to in Section W2.6.6 and …".

Amend paragraph 2.7.1 as follows:

"… in accordance with the relevant Storage Terms, requirements of flexibility …".

Amend paragraph 2.7.2(v) as follows:

"… it would otherwise make under Section K3.2 or K3.3 in the following …".

Amend paragraph 2.7.3 as follows:

"… in accordance with Section K3.5.4 the Top-up Gas …".

Amend paragraph 2.7.4 as follows:

"Subject to Section K3.5.4, the Top-up Manager … not made on such basis the Top-up Manager will inform Users …".

Delete paragraph 2.8 and renumber paragraphs 2.9 and 2.10 as paragraph 2.8 and 2.9 and amend paragraph 2.8 as follows:

"2.8 Revised Supply & Demand Estimates

2.8.1 Where this paragraph applies (in accordance with paragraph 2.8.4):

(i) the Top-Up Manager will redetermine the Stored Gas Requirement and Stored Deliverability Requirement on the basis of the revised estimates of System 1-in-20 peak day demand, System 1-in-50 Severe Annual Demand and maximum daily supply (in accordance with Section O2.2), taking account of such revision or redesignation as is referred to in paragraph 2.8.4 and any redesignation of Firm Supply Points as Interruptible during the same period;

(ii) the Top-up Manager will:

(a) to the extent that there is Uncommitted Storage Capacity and (in the opinion of the Top-up Manager) it will be feasible during the remainder of the Applicable Injection Period to procure and inject quantities of gas to fill such additional Storage Space, revise the Top-up Space Requirement and the Top-up Deliverability Requirement in accordance with the redetermined amounts under paragraph (i);

(b) to the extent that it does not revise the Top-up Space Requirement and the Top-up Deliverability Requirement under paragraph (i), estimate and notify to Users revised supply security levels (in accordance with paragraph 2.6.2).

(iii) in the event that the Stored Deliverability Requirement is reduced as a result of any redetermination under paragraph (i), the Top-Up Manager will, subject to and in accordance with the relevant Storage Terms, surrender Storage Deliverability (but without being obliged to surrender Storage Space) in an amount not exceeding such reduction in the Stored Deliverability Requirement;

(iv) in the event that the Stored Gas Requirement is reduced as a result of any redetermination under paragraph (i), the Top-Up Manager will, subject to and in accordance with the relevant Storage Terms, dispose of the surplus gas-in-storage following such redetermination ("**Further Residual Surplus Gas**") in accordance with paragraph 2.9.

2.8.2 With effect from any revision by the Top-up Manager of the Top-up Space Requirement and the Top-up Deliverability Requirement in accordance with paragraph 2.8.1(ii)(b), references in this Section P to such requirements shall be to such revisions thereof.

2.8.3 Where with effect after 1st October in the Storage Year, Interruptible Supply Points are redesignated as Firm (pursuant to any provision of Section G6):

(i) the Top-up Manager will not revise any of its estimates under this Section P;

(ii) after the time at which the aggregate Supply Point Capacity held by Users in aggregate at Supply Point Components of the Supply Points which have been so redesignated (or are subject to a notification of such redesignation with effect from a date before 1st April in the Storage Year) is not less than 1,000,000 kWh/Day, the Top-up Manager will so notify Transco;

(iii) where the Top-up Manager notifies Transco under paragraph (ii), subject to paragraph (iv), no further redesignation pursuant to Section G6.3 of any Interruptible Supply Point as Firm will be permitted with effect from any date before 1st April of that Storage Year (but without prejudice to any redesignation pursuant to Section G6.9);

(iv) the Top-up Manager may in its discretion permit further such redesignation if in its opinion at the time the Remaining Gas-in-Storage (in accordance with paragraph 3.4.2) at the time exceeds the Remaining Stored Gas Requirement by an appropriate margin.

2.8.4 Paragraph 2.8.1 applies where:

(i) on any date prior to the 1st December in the Storage Year Transco has revised its estimates of System 1-in-20 peak day demand, System 1-in-50 Severe Annual Demand or maximum daily supply (in accordance with section O2.2); or

(ii) Interruptible Supply Points are redesignated as Firm (pursuant to any provision of Section G6) with effect from any date from the 1st April in the preceding Storage Year up to and including 1st October in the Storage Year.

2.8.5 The Top-up Manager may:

(i) determine at the end of any month from November to April in any Storage Year, the difference between the Aggregate Stored Gas and the Remaining Stored Gas Requirement for that Storage Year;

(ii) in the event that the Aggregate Stored Gas exceeds the Remaining Stored Gas Requirement following any redetermination under sub-paragraph (i), dispose of any or all of the Top-Up Manager's surplus gas-in-storage following such redetermination ("**Winter Period Residual Surplus Gas**") in accordance with paragraph 2.9.”.

Amend the renumbered paragraph 2.9.1 as follows:

“…the re-determination under paragraph 2.8.1(i) or may, following re-determination under paragraph 2.8.5 seek to make … the further provision of this paragraph 2.9.”.

Amend the new paragraph 2.9.2 as follows:

“… the provisions of Sections K3.3.2(a) to (h) (inclusive), K3.3.5 and K3.3.6 apply in respect of …”.

Amend paragraph 3.1 as follows:

"… (in accordance with the relevant Storage Terms) in respect of Storage Space allocated to it (after taking account of …".

Amend paragraph 3.1(ii) as follows:

"the injection rules under the relevant Storage Terms; ".

Amend paragraph 3.2.1 as follows:

"…review the details provided by each Storage Operator…".

Amend paragraph 3.2.1(ii) as follows:

"…(the "**Imminent Top-up Injection Requirement**" and/or as the case may be) …".

Amend paragraphs 3.2.2, 3.2.3 and 3.2.4 as follows:

"3.2.2 For the purposes of paragraph 3.2.1, in respect of each Storage Facility:

(i) a relevant Day is one Day each week from 1st May until the last Day of the Applicable Injection Period or 1st December, whichever is the earlier, or for so long as the Top-up Manager has determined that there is an Imminent Top-up Injection Requirement, every Day;

(ii) the "**Aggregate Stored Gas**" on a Day is the aggregate gas-in-storage of all Storage Users and the Top-up Manager (after taking account of all injections and withdrawals) other than gas-in-storage held by Transco for Operating Margins Purposes;

(iii) the "**Relevant Remaining Injectable Quantity**" is determined by the following formula:

FIR * (PID - X)

where:

FIR is the Applicable Facility Injection Rate;

PID is the number of Programmed Injection Days remaining (starting with the Day after the review day and ending on the last Day of the Applicable Injection Period or 1st December, whichever is the earlier); and

X is,

(a) 7, for the purposes of an Imminent Top-up Injection Requirement;

(b) 2, for the purposes of an Actual Top-up Injection Requirement.

3.2.3 Where under paragraph 3.2.1 there is on a review day an Imminent Top-up Injection Requirement (but not an Actual Top-up Injection Requirement), the Top-up Manager will:

(i) notify by telephone or facsimile the Storage Operator of the relevant Storage Facility in respect of which the condition in paragraph 3.2.4 applies to a relevant Storage User (with a view to the Storage Operator advising the relevant Storage User of the Imminent Top-up Injection Requirement and seeking if they so wish that they bring forward their injections into the relevant Storage Facility); and

(ii) insofar as it is reasonably practicable to do so consistent with the relevant Storage Terms, its Top-up Gas Procurement Arrangements and its Applicable User Injection Rate (and at such additional cost if any as the Top-up Manager may determine appropriate), bring forward its own injections into each Top-up Storage Facility to the extent it has unfilled Storage Space.

3.2.4 The condition referred to in paragraph 3.2.3(i) is that if Storage Users were in aggregate to make no injections for 7 Days the Storage Users would need to inject at a rate in excess of their respective Applicable User Injection Rates in order to fill their respective Allocated Storage Space.".

Amend paragraphs 3.3.1 and 3.3.2 by deleting references to "Injection Period" and substituting the words "Applicable Injection Period".

Amend paragraph 3.4 as follows:

"3.4 Winter Injection

3.4.1 Subject to paragraph 3.4.6, the Top-up Manager will immediately after the Output Nomination Time determine in respect of each Day in the Winter Period:

(i) in respect of each Storage Facility Type whether, and if so the amount (the "**Winter Top-up Injection Requirement**") by which, the Remaining Stored Gas Requirement exceeds the Remaining Gas-in-Storage;

(ii) whether, and if so the amount (the "**Aggregate Winter Top-up Injection Requirement**") by which, the Aggregate Remaining Stored Gas Requirement exceeds the aggregate Remaining Gas-in-Storage in respect of all Storage Facility Types.

3.4.2 For the purposes of paragraph 3.4.1 subject to paragraph 3.4.6, in respect of a Day in the Winter Period "**Remaining Gas-in-Storage**" in respect of a Storage Facility Type is the aggregate amount of gas-in-storage in facilities of that type which will be held by Storage Users and the Top-up Manager other than gas-in-storage held by Transco for Operating Margins Purposes after taking account of Nomination Quantities under initial Input Nominations made by Storage Users for the Day.

3.4.3 Subject to paragraph 3.7, where on any Day the Top-Up Manager determines that there is a Winter Top-up Injection Requirement in respect of a Storage Facility Type, the Top-up Manager will, but only to the extent to which Storage Users are withdrawing gas from a Storage Facility of the relevant type on that Day, inject gas into such Storage Facility pursuant to Nominations (and corresponding Storage Injection Nominations) in accordance with paragraph 3.4.4.

3.4.4 The Nomination Quantity(ies) under Output Nominations (and corresponding the Storage Injection Nomination(s)) made by the Top-up Manager under paragraph 3.4.3 will be for amount(s) not in aggregate exceeding the amount of the Winter Top-up Injection Requirement.

3.4.5 Where, in respect of a Day in the Winter Period, Input Nominations made in respect of Storage Connection Points by Storage Users are revised (by way of increase or decrease) by Renominations, the Top-up Manager will endeavour to revise its determination pursuant to paragraph 3.4.1 and accordingly to revise its Output Nominations (and corresponding Storage Injection Nominations) pursuant to paragraph 3.4.3.

3.4.6 For the purposes of paragraph 3.4.1, in determining both the Winter Top-up Injection Requirement and the Aggregate Winter Top-up Injection Requirement:

(i) without prejudice to paragraph (iii), the Remaining Stored Gas Requirement in respect of a Storage Facility Type will be reduced by an amount (if any) equal to the aggregate amount by which the Remaining Gas-in-Storage exceeds the Remaining Stored Gas Requirement in relation to any shorter Storage Facility Type;

(ii) the Remaining Gas-in-Storage will be increased by an amount (if any) equal to the amount by which the aggregate gas-in-storage in respect of:

(a) the relevant Storage Facility Type;

(b) any shorter Storage Facility Type

held by Transco for Operating Margins Purposes exceeds the requirements that Transco has for gas-in-storage at the Storage Facility Type for Operating Margins Purposes (pursuant to Section K) (provided that for the purposes of this paragraph 3.4.6 where under this paragraph (ii) an amount of gas is taken into consideration in respect of a Storage Facility, it may not be taken into consideration for the purposes of this paragraph 3.4.6 in respect of any other Storage Facility);

(iii) for the purpose of paragraph (i), the Remaining Stored Gas Requirement in respect of a Storage Facility Type will not be reduced under paragraph (ii) to the extent that such requirement relates to a Constrained Storage Facility.”.

Amend paragraph 3.5.1 as follows:

“To the extent permitted by the relevant Storage Terms the Top-up Manager shall …”.

Amend paragraph 3.5.2 as follows:

“Where, in accordance with the relevant Storage Terms, the Top-up Manager … (in accordance with paragraph 3.5.4 (iii) where applicable) …

…

(ii)…Injection Nomination(s)

in each case to the extent permitted by the relevant Storage Terms.”.

Amend paragraph 3.5.3, 3.5.4, 3.5.5, 3.5.6 and 3.5.7 as follows:

“3.5.3 Where the Top-up Manager makes a Storage Injection Nomination in accordance with paragraph 3.5.2(ii), upon the making of such nomination:

(i) the relevant Storage Operator shall promptly inform relevant Storage Users that the Top-up Manager has made a Storage Injection Nomination;

(ii) relevant Storage Users in the relevant proportions (in accordance with paragraph 3.5.4(i)) shall be (to the extent provided for in the relevant Storage Terms) deemed to have made Storage Space Transfers to the Top-up Manager (which transfers shall be treated as effective on the Gas Flow Day), in respect of amounts of Storage Space in aggregate equal to the amount by which the Nomination Quantity under the Storage Injection Nomination made by the Top-up Manager in accordance with paragraph 3.5.2 exceeds its unfilled Storage Space (in accordance with paragraph 3.5.4(iii) and after taking account of paragraph 3.5.2(i)) in the relevant Storage Facility;

(iii) paragraph (ii) shall take effect without any requirement as to payment on the part of the Top-up Manager and without prejudice to any Storage User's obligations to pay Storage Capacity Charges.

3.5.4 For the purposes of this paragraph 3.5:

(i) in the case of a Storage Injection Nomination made under paragraph 3.2.5:

(a) a relevant Storage User is a Storage User who holds on the Gas Flow Day unfilled Storage Space which, if he were to make no injections for 2 Days, could not be filled by injecting at the Applicable User Injection Rate on all Applicable Programmed Injection Days remaining in the Applicable Injection Period; and

(b) the relevant proportions are the proportions in which relevant Storage Users hold such unfilled Storage Space as is referred to in paragraph (i)(a);

(ii) in the case of a Storage Injection Nomination made under paragraph 3.4:

(a) a relevant Storage User is a Storage User who holds on the Gas Flow Day unfilled Storage Space in the relevant Storage Facility; and

(b) the relevant proportions are the proportions in which relevant Storage Users hold such unfilled Storage Space;

(iii) in the case of a Storage Injection Nomination under paragraph 3.2, the Top-up Manager's unfilled Storage Space is to be determined after deducting space for quantities remaining to be injected by the Top-up Manager into the relevant Storage Facility.

3.5.5 Where relevant Storage Users are deemed to have transferred Storage Space to the Top-up Manager under paragraph 3.5.3, Transco will so inform relevant Storage Operators as soon as reasonably practicable after making Storage Injection Nomination under paragraphs 3.2 or 3.4; and:

(i) each relevant Storage User shall, at any time thereafter within the Storage Year, be entitled (upon request in accordance with paragraph 4) to Top-up Storage Transfer(s):

(a) comprising the surrender by the Top-up Manager of amount(s) of Storage Space in the relevant facility not in aggregate exceeding the amount transferred by the relevant Storage User under paragraph 3.5.3, and (subject to paragraph 3.5.6) Storage Gas Transfer(s) for a quantity of gas-in-storage of the same amount(s); and

(b) in respect of which paragraph 4.3.3 shall not apply (so that the Storage User shall make payment in respect of the Transferred Gas-in-Storage but not the surrendered Storage Space);

(ii) where the Top-up Manager's Storage Injection Nomination was made under paragraph 3.2, the Top-up Manager will notify all Storage Operators and Users that, until the end of the Storage Year or until pursuant to paragraph (ii) the Top-up Manager has been left with unfilled Storage Space equal to the amount deemed transferred to it by relevant Storage Users, the requirements of paragraph 4.2.4(i) and 4.2.3 are for the time being suspended, so that:

(a) a Storage User may (within such period) request a Top-up Storage Transfer comprising a Storage Gas Transfer without a corresponding surrender of Storage Space, and

(b) should such a Storage Gas Transfer be made, the Top-up Manager will be left with unfilled Storage Space in the relevant Storage Facility;

provided that the Top-up Manager shall not be required to approve a request under paragraph (i) or (ii) other than in accordance with paragraph 4.1 (except that paragraph 4.1.4(iv) shall not apply in respect of a surrender of Storage Space only under paragraph (i)).

3.5.6 Where at the time of a relevant Storage User's request under paragraph 3.5.5(i) the Top-up Manager holds unfilled Storage Space in the relevant Storage Facility, a Top-up Storage Transfer under paragraph 3.5.5(i)(a) may (if such Storage User so requests) comprise a surrender of Storage Space exceeding, by an amount not exceeding such unfilled Storage Space, the amount of gas-in-storage subject to the Storage Gas Transfer required under that paragraph.

3.5.7 The amount of Storage Space transferred to the Top-up Manager under paragraph 3.5.3 is excluded from the amount of Storage Space at any time eligible for a Top-up Storage Transfer to any Storage User other than in accordance with paragraph 3.5.5(i).”.

Amend paragraph 3.6.1 as follows:

"Where the Top-up Manager …".

Amend paragraph 3.6.1(i) as follows:

"… (in accordance with Section R4.7.4, where relevant) for Constrained Storage purposes …".

Amend paragraph 3.6.1(iii) as follows:

"…to be delivered under paragraph 2.7) is delivered…".

Amend paragraph 3.7 as follows:

"3.7 Constrained Storage Facilities

Nothing in this paragraph 3 shall require the Top-up Manager to make any Storage Injection Nomination in respect of a Constrained Storage Facility on a Day for which Transco has made Constrained Storage Renominations.".

Amend paragraph 3.8.1 as follows:

"… Gas Transfer (as defined in Section K3.2.7), a Storage Facility …

(i) … Manager or another Storage User holds …".

Amend paragraph 3.8.2 as follows:

"… Carry-across Gas pursuant to Section K3.2.5, except that the reference in paragraph 6.5.4(i)(b) to the last Day …".

Amend title to paragraph 4 to read "Top-up Storage in Transco LNG Storage Facilities".

Amend text at paragraph 4.1.1 as follows:

"4.1.1 Subject as provided in this paragraph 4, any Storage User or User may request the Top-up Manager to surrender Storage Space and/or Storage Deliverability, and/or to make a Storage Gas Transfer, (in each case only in relation of a Transco LNG Storage Facility) in favour of such Storage User, on terms (as to payment and otherwise) in accordance with this paragraph 4.".

Amend paragraphs 4.1.2 to 4.1.8 (inclusive) by deleting any reference to "User" and "User's" and substituting the words "Storage User" and "Storage User's" respectively.

Add new paragraphs 4.1.10 and 4.1.11 as follows:

"4.1.10 Where the Top-up Manager is a Storage User in relation to a Storage Facility other than a Transco LNG Storage Facility, where another Storage User at such facility requests the Top-up Manager to surrender Storage Space and/or Storage Deliverability and/or to make a transfer of gas (in a manner akin to a Storage Gas Transfer in accordance with Section Z) in favour of such Storage User, the Top-up Manager shall, but only to the extent permitted by the relevant Storage Terms, seek to give effect to such request as if it where a request made in respect of a Transco LNG Storage Facility under this paragraph 4.

4.1.11 Nothing in paragraph 4.1.10 shall be construed as requiring the Top-up Manager to seek any change to relevant Storage Terms such as to facilitate the taking of any of the actions referred to in paragraph 4.1.10.".

Amend paragraph 4.2 by deleting all references (and cross references) to Section "R" and substituting Section "Z" and by deleting all references to "Top-up Transferee User" and substituting the words "Top-up Transferee Storage User" respectively.

Amend paragraph 4.2.3 as follows:

"… pursuant to paragraphs 3.5.3 and 3.5.5(i), a Top-up …".

Amend paragraph 4.2.4 (i) as follows:

"Subject to paragraphs 3.5.5(ii), 4.3.3(i) …".

Amend text at paragraphs 4.3 and 4.4 as follows:

"4.3 Transfer charges

4.3.1 Where a Top-up Storage Transfer includes a Storage Gas Transfer, the Top-up Transferee Storage User undertakes (by accepting the Top-up Manager's offer under paragraph 4.1.6), to pay to the Top-up Manager in addition to any amount under paragraph 4.2.5, an amount equal to the quantity of Transferred Gas-in-Storage multiplied by the greater of the amount of the Transferred Gas-in-Storage:

(i) 105% of the Top-up WACOG; or

(ii) the sum of the price in pence/kWh which is equal to the highest Market Offer Price for a Market Transaction effected for the Day on which the Storage Operator makes the request for a Top-up Storage Transfer and the amount payable in pence/kWh to the Storage Operator in respect of the injection of a kWh into the relevant Top-up Storage Facility.

4.3.2 Such amount shall be payable as a single payment and shall be invoiced and paid in accordance with Section S.

4.3.3 Where a Top-up Storage Transfer includes a surrender of Storage Space or Storage Deliverability:

(i) the Top-up Transferee Storage User shall become liable for Storage Charges in respect thereof with effect from such Top-up Storage Transfer;

(ii) the Top-up Transferee Storage User shall in addition be liable for and pay to the Storage Operator the amount(s) payable in respect of the surrendered Storage Capacity by way of Storage Capacity Charges under Section Z2.6, on the basis that the User was registered as holding the transferred capacity pursuant to an application under Section Z3.7 made on the Day of the Top-up Storage Transfer under paragraph 4.2.1(i);

(iii) the amount(s) payable by the Top-up Transferee Storage User under paragraph (ii) shall be paid by the Storage Operator to the Top-up Manager.

4.4 **Surrender on late booking at Transco LNG Facilities**

4.4.1 Where at any time:

(i) a Storage User is registered under Section Z3 as holding Storage Capacity pursuant to an application made after the Applicable Invitation Close Date, and

(ii) the Top-up Manager then or (pursuant to paragraph 4.4) later has unfilled Storage Space in an amount exceeding the aggregate quantity of gas of which it is committed to take delivery under its Top-up Gas Procurement Arrangements

the Top-up Manager will by so notifying the Storage Operator surrender and thereby cease to be registered as holding Storage Space in the amount under paragraph 4.4.2 and associated Storage Deliverability (on the basis of the Top-up Manager's Storage Duration in the relevant Storage Facility but not exceeding the Storage Deliverability which such Storage User was so registered as holding).

4.4.2 The amount of Storage Space surrendered under paragraph 4.4.1 will be the lesser of:

(i) the Storage Space which the Storage User was registered as holding under Section Z3.7, and

(ii) the excess amount of Storage Space referred to in paragraph 4.4.1(ii).

4.4.3 Upon a surrender of Storage Capacity under paragraph 4.4.1 in relation to a Transco LNG Storage Facility the Storage Operator will pay to the Top-up Manager an amount determined as the amount which would be payable by a Storage User by way of Storage Capacity Charges under Section Z2.6 if the User applied for and was registered as holding that amount of Storage Capacity on the date of such surrender.

4.4.4 In the circumstances in paragraph 4.4.1(i), the Top-up Manager will (until such time, if any, as it has surrendered Storage Space in aggregate equal to the amount under paragraph 4.4.1(i)):

(i) suspend the requirements of paragraph 4.2.4(i) and 4.2.3 in relation to the relevant Storage Facility, so that a Storage User may request a Top-up Storage Transfer comprising a Storage Gas Transfer without a corresponding surrender of Storage Space, provided that the Top-up Manager shall not be required to approve such a request other than in accordance with paragraph 4.1; and

(ii) where as a result of such a Storage Gas Transfer, the Top-up Manager is left with additional unfilled Storage Space in the relevant Storage Facility, surrender or further surrender Storage Capacity in accordance with paragraph 4.4.1.

4.4.5 The Top-Up Manager may but will not be required to surrender associated Storage Deliverability pursuant to paragraph 4.4.1. at a Relevant Storage Facility during the conduct of a tender pursuant to paragraph 2.10 and thereafter the Top-Up Manager may but will not be required to surrender Storage Deliverability required for making Residual Gas Transfers following such tender.

4.4.6 When entering into Storage Terms in respect a Storage Facility other than a Transco LNG Storage Facility, the Top-up Manager shall endeavour to ensure that such

Storage Terms contain terms which give the Top-up Manager rights of an equivalent nature to those referred to in this paragraph 4.4, and the Top-up Manager shall not be under any obligation to only enter into Storage Terms which so provide and the Top-up Manager shall not be liable to Users in any respect should any other Storage Terms to which it is a party not so provide.".

Amend paragraph 5.1 as follows:

"… in accordance with this paragraph 5 and in accordance with the relevant Storage Terms.".

Amend paragraph 5.2.1 as follows:

"… Top-up Manager will make a Top-up Market Offer …".

Renumber paragraph 5.2.4 so that the sub-sections are (i), (ii)(a) and (b) and (iii) (rather than (a), (b)(i) and (ii) and (c)).

Amend new paragraph 5.2.4(ii)(a) as follows:

"…tender pursuant to paragraph 2.9) in the…".

Amend paragraph 5.3 as follows:

"… In respect of the relevant Top-up Facility in accordance with the following formula or 99.9999pence/kWh ,whichever is the lesser: …".

Renumber paragraph 6.1.2(1) and (2) as 6.1.2(a) and (b) respectively.

Amend paragraph 6.1.3 as follows:

"… amounts referred to in paragraph 6.1.2(iii)(a) are "**Relevant Top-up Bid Revenues**"….".

Renumber paragraph 6.2.2(a)(i) and (ii) as 6.2.2 (i)(a) and (b) respectively.

Renumber paragraph 6.2.2(b)(i) and (ii) as 6.2.2 (ii)(a) and (b) respectively.

Amend paragraph 6.2.4 as follows:

"For the purposes of paragraph 6.2.2(i)(a), the amounts referred to in paragraph 6.1.1(ii)(a) and (b) shall be treated …".

Renumber paragraphs 6.3.4(a),(b),(c)(i) and (ii), and (d) as 6.3.4(i),(ii),(iii)(a) and (b), and (iv) respectively.

Renumber paragraphs 6.3.5(a), (b)(i) and (ii), and (c) as 6.3.5(i),(ii)(a) and (b), and (iii) respectively.

Renumber paragraphs 6.3.7(a)(i),(ii),(iii) and (iv), (b)(i),(ii),(iii) and (iv) and (c) as 6.3.7(i)(a),(b),(c) and (d), (ii)(a),(b),(c) and (d) and (iii) respectively.

Renumber paragraph 6.4.2(a) and (b) as 6.4.2(i) and (ii) respectively and amend sub-paragraph (i) as follows:

"…for Operating Margins Purposes; "

Renumber paragraph 6.5.4(a)(i) and (ii), (b),(c),(d),(e) and (f) as 6.5.4(i)(a) and (b), (ii),(iii),(iv),(v) and (vi) respectively and amend new paragraph 6.5.4(i)(a) as follows:

"…Top-up Manager to Transco (for Operating Margins Purposes)…pursuant to Section K3.2;…".

Amend new paragraph 6.5.4(iii) as follows:

"…made on any relevant Day to the Top-up Manager…".

Amend paragraph 6.5.6 as follows:

"…(to the extent that any reduction…; ".

Renumber paragraphs 6.6.1(a) and (b)(i),(ii) and (iii) as 6.6.1(i) and (ii)(a),(b) and (c) respectively.

Amend new paragraph 6.6.1(ii)(a) as follows:

"…paid by Transco for Operating Margins Purposes)….pursuant to Section K3.2; ".

Amend new paragraph 6.6.1(ii)(c) as follows:

"…Top-up Manager pursuant to a tender under Section K3.3 in respect of…pursuant to any adjustment under Section K3.3.2(f)(ii) to bid prices…".

SECTION R: STORAGE

Add new Section R1.2.1(d) as follows:

"**stored gas**" is gas which has been injected into a Storage Facility from the System by Storage Users and which Storage Users are entitled to withdraw from the facility in accordance with the relevant Storage Terms (and accordingly does not include either native gas or gas which has been injected into the Storage Facility from the System by the relevant Storage Operator for purposes related to, or otherwise connected with, the operation of the facility)."

Add new Section R1.5.1(c) as follows:

"**Applicable Injection Period**" is in respect of:

(i) a Transco LNG Storage Facility, the Transco LNG Injection Period;

(ii) any other Storage Facility, the period during which Storage Users may inject gas into the facility identified in the relevant Storage Terms.".

Add new Section R1.5.1(d), (e) and (f) as follows:

"(d) "**Applicable Total Storage Space**" is in respect of:

(i) a Transco LNG Facility, the Total Storage Space;

(ii) any other Storage Facility, the maximum quantity of gas that the Storage Operator determines can be withdrawn from the facility when full of stored gas;

(e) "**Applicable Total Storage Deliverability**" is in respect of:

(i) a Transco LNG Facility, the Total Storage Deliverability;

(ii) the maximum quantity of gas that the Storage Operator determines can be withdrawn from the facility in a period of 24 hours during the calendar months of January and February in any Storage Year;

(f) "**Maximum Injection Rate**" is the maximum quantity of gas that the Storage Operator determines can be injected into the facility in a period of 24 hours during the Applicable Injection Period.".

Add a new Section R1.5.2(h) as follows:

"Total Storage Duration" in respect of a Storage Facility is the number of Days obtained by dividing the Applicable Total Storage Space by Applicable Total Storage Deliverability.".

Add new Section R1.5.1(g) as follows:

"**Applicable Invitation Close Date**" is in respect of:

(i) a Transco LNG Storage Facility, the Transco LNG Invitation Close Date;

(ii) any other Storage Facility, the date identified in the relevant Storage Terms by which Storage Users must make applications for Storage Capacity for a Storage Year.".

Add new Section R1.5.1(h) as follows:

"**Applicable Programmed Injection Days**" are in respect of:

(i) a Transco LNG Storage Facility, Programmed LNG Injection Days;

(ii) any other Storage Facility, the days in the Applicable Injection Period (or in the context of a particular programme for injection, in the period to which the programme applies) other than Days on which is planned or known that the relevant injection facilities will not be in operation for any reason.".

Add new Section R1.5.1(i) as follows:

"**Applicable User Injection Rate**" in respect of:

(i) a Transco LNG Storage Facility, is the User LNG Injection Rate;

(ii) any other Storage Facility, is in respect of a Storage User a rate of injection in kWh/Day determined as the Storage User's available space in the Storage Facility determined in accordance with the relevant Storage Terms divided by the Applicable Injection Period.".

Add new Section R1.5.1(j) as follows:

"**Applicable Storage Nomination Time** " in respect of:

(i) a Transco LNG Storage Facility, is the LNG Storage Nomination Time;

(ii) any other Storage Facility, is the time identified in the relevant Storage Terms after which time the Storage Operator is not required to act on nominations made by the Storage User.".

Add new Section R1.5.1(k) as follows:

"**Applicable Facility Injection Rate**" is in respect of:

(i) a Transco LNG Storage Facility, the Facility Injection Rate;

(ii) any other Storage Facility, the injection rate at which gas may be injected into the facility, as identified in the relevant Storage Terms.".

SECTION Z: TRANSCO LNG STORAGE FACILITIES

Amend Section Z1.4.4(d) by deleting "Storage Nomination Time" and substituting the words "LNG Storage Nomination Time".

Amend Section Z5.1.3(c) by deleting "Programmed Injection Days" and substituting the words "Programmed LNG Injection Days".

Amend Section Z5.1.3(d) by deleting "User Injection Rate" and substituting the words "User LNG Injection Rate".

Amend Section Z5.2.1 by deleting "Injection Period" and substituting the words "Transco LNG Injection Period".

Yours sincerely,

Julian Majdanski
Modification Panel Secretary