

30/06/2003

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0617**

"Revision to the Standard Year for purposes of acquiring and holding Long Term System Entry Capacity"

Please note that Modification Proposal No 0617 was implemented with effect from 06:00 hours on 30/06/2003. The Final Modification Report, Version 1.0, was signed by Ofgem on 27/06/2003.

The new Network Code text resulting from this Modification follows.

Modified Text:

SECTION B: SYSTEM USE AND CAPACITY

Amend paragraph 2.1.13 to read as follows:

2.1.13 For the purposes of this paragraph 2 and in particular in the context of applications for System Entry Capacity in accordance with the further provisions of this paragraph 2, a reference to a 'Capacity Year + *n*' is a reference to the Capacity Year commencing on the *n* anniversary of the first Day of the Capacity Year in which the applications are invited to be made.

Amend paragraph 2.2.1 to read as follows:

2.2.1 By:

- (a) not later than the Day falling twenty eight (28) Days before the annual AMSEC invitation date in any Capacity Year, Transco will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the purposes of the annual AMSEC invitation;
- (b) not earlier than 1 February and not later than 29 February in a Capacity Year, Transco will invite, and Users may make, applications for Monthly System Entry Capacity in respect of each Aggregate System Entry Point for the period specified in paragraph 2.2.2(a);
- (c) not later than the Day falling twenty eight (28) Days before the first annual QSEC invitation date in any Capacity Year, Transco will notify Users of the reserve prices and the step prices that will apply in respect of each Aggregate System Entry Point for the

purposes of the annual QSEC invitation; and

- (d) not earlier than 1 September and not later than 30 September in a Capacity Year, Transco will invite, and Users may make, applications for Quarterly System Entry Capacity in respect of each Aggregate System Entry Point for the periods specified in paragraph 2.2.2(b).

Amend paragraph 2.2.2 to read as follows:

2.2.2 Transco will invite applications [(**"annual invitation"**)] for:

- (a) for Monthly System Entry Capacity for each calendar month in Capacity Year + 1 and Capacity Year + 2
- (b) for Quarterly System Entry Capacity for each calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive),

in each case for such aggregate amounts of System Entry Capacity as is specified in the relevant annual invitation.

Amend paragraph 2.2.3 to read as follows:

2.2.3 Transco's annual invitations under paragraph 2.2.2 will specify:

- (a) the date(s) (on which applications pursuant to the annual invitation may be made), which for the purposes of:
 - (i) paragraph 2.2.2(a), shall be a Business Day; and
 - (ii) paragraph 2.2.2(b), shall be a period of ten (10) consecutive Business Days (**"annual invitation period"**),
 (each such date an **"annual"** invitation date);
- (b) for each Aggregate System Entry Point, and in respect of each of Capacity Year + 1 to Capacity Year + 16 (inclusive), the Available System Entry Capacity and the reserve price for Unsold System Entry Capacity (in accordance with the Transportation Statement) (the **"reserve price"**);
- (c) for each Aggregate System Entry Point, and in respect of each of Capacity Year + 2 to Capacity Year + 16 (inclusive):
 - (i) the relevant number of incremental amounts (each being for a different amount) of Quarterly System Entry Capacity greater than the Baseline Entry Capacity (the maximum incremental amount being not less than an amount equal to 150% of Baseline Entry Capacity) (each amount an **"incremental capacity amount"**); and
 - (ii) the price payable by Users for each different incremental capacity amount (the **"step price"**) were Transco to make such incremental capacity amount available,

in each case (in accordance with the Transportation Statement); and

- (d) the relevant number for the purposes of paragraph (c) being twenty (20) except in the case of an Aggregate System Entry Point where the Baseline Entry Capacity is less than 300,000,000 kWh/Day where the relevant number (being not greater than twenty (20) and not less than five (5)) shall be set out in the Transportation Statement.

Amend paragraph 2.2.4 to read as follows:

2.2.4 Users may apply for Monthly System Entry Capacity for a calendar month in Capacity Year + 1 and/or (without prejudice to paragraph 2.2.14) for Quarterly System Entry Capacity for a calendar quarter in each of Capacity Year + 2 to Capacity Year + 16 (inclusive) in respect of an Aggregate System Entry Point on the relevant annual invitation dates.

Amend paragraph 2.2.5 to read as follows:

2.2.5 The "**Available System Entry Capacity**" for an Aggregate System Entry Point is, in respect of:

- (a) a calendar month in Capacity Year +1 and Capacity Year + 2, not less than the sum of:
 - (i) Unsold System Entry Capacity (if any); and
 - (ii) Incremental System Entry Capacity (if any); and
- (b) a calendar quarter in Capacity Year + 2 to Capacity Year + 16 (inclusive), is not less than the sum of:
 - (i) Unsold System Entry Capacity (if any); and
 - (ii) Incremental System Entry Capacity (if any).

Amend paragraph 2.2.6 to read as follows:

2.2.6 An application (a "**quarterly**" capacity bid) for Quarterly System Entry Capacity in respect of Capacity Year + 2 to Capacity Year + 16 (inclusive) shall specify:

- (a) the identity of the User;
- (b) the Aggregate System Entry Point;
- (c) the calendar year and calendar quarter for which Quarterly System Entry Capacity is applied for;
- (d) the amount (not less than the minimum eligible amount) of Quarterly System Entry Capacity applied for (in kWh/Day);
- (e) the minimum amount (not less than the minimum eligible amount) of Quarterly System Entry Capacity which the User is willing to be allocated for the purposes of paragraph 2.6.4; and

- (f) the price (being either the reserve price or a step price as set out in the Transportation Statement) in respect of which the User is applying for the amount of Quarterly System Entry Capacity.

SECTION W: INTERPRETATION

Amend paragraph 2.2.1 to read as follows:

....

- (h) "**Capacity Year**" means the period from 1 April in any year until and including 31 March in the following year;

In respect of the additional paragraphs listed below, "Gas Year" to read "Capacity Year" :

2.2.7;

2.2.13 (a);

2.6.7 (a);

2.7.7 (a);

2.7.7 (b)

2.14.1

Yours sincerely,

Julian Majdanski
Modification Panel Secretary