

APPLICATION FOR CONSENT TO MODIFY THE CODE

"Revision to the legal text associated with the implementation of UNC Modification 0261: Annual NTS Exit (Flat) Capacity Credit Arrangements"
Version 1.0

Reference: C037

Transporter Proposal

In considering the legal text inserted into the Uniform Network Code as part of update 3.23, as at 01 January 2010, it has been noted that although the text implemented the changes proposed by Modification 0261 it could benefit from further clarity.

The text as it currently stands does not explain that:

- the Value at Risk (VAR) definition (which is determined on the basis of invoiced amounts) is treated under V3.3.4 as also including the following 12 months' of exit capacity charges even though they will not have been invoiced. This is consistent with the intent of Modification Proposal 0261.
- where VAR is determined outside of the terms specified in V3.3.4, only invoiced amounts are included. This means that termination can only apply under V3.3.3 where the VAR of the User exceeds 100% of the User's Code Credit Limit in respect of "invoiced" amounts, whereas the system capacity blocking mechanism under V3.3.4 applies the 100% rule to "non-invoiced" VAR. This is consistent with the intent of Modification Proposal 0261.

Revised text is proposed simply to clarify the above position, thereby avoiding any misunderstanding that may otherwise arise.

Nature of Modification

**Transportation Principal Document
Section V - GENERAL**

Amend paragraph 3.2.1(d) to read as follows:

"(d) Subject to paragraph 3.3.4, "Value at Risk" at any point in time....."

Amend paragraph 3.3.4 to read as follows:

"3.3.4 For the purposes of paragraph 3.3.2(c)(i) and (iii) and the application of Section B3.3.3(f), a Users Value at Risk shall be treated as including the amounts of the aggregate NTS Exit (Flat) Capacity Charges payable by the User for each Day in the following twelve (12) calendar months commencing from the first Day of the calendar month following the Day in respect of which the User's Value at Risk is to be determined, irrespective of whether such amounts have been invoiced under Section S"

Transporter Application

This application contains the Transporters' proposal to modify the Uniform Network Code for which they now seek the consent of the Authority

Signed for and on behalf of Transporter.

Signature;

Tim Davis
Chief Executive Joint Office of Gas Transporters

Date:

Gas and Electricity Markets Authority Response:

In accordance with Standard
Code' of the Gas Trans)

Network Code, I hereby
Special Condition A Network Code and the Uniform Network
License, I hereby consent to
the above modification to the Code

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

Date:

rejected 15/03
[Signature]
Jon Dixon