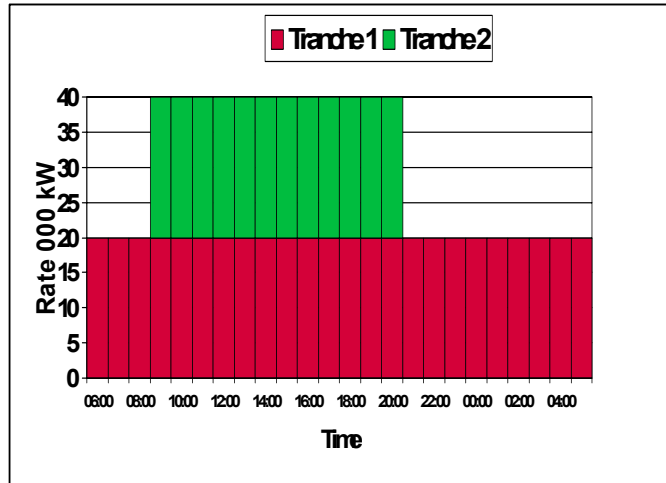


**Modification Report**  
**Partial “Volume” Interruption**  
**Modification Reference Number 0702**  
Version 1.0

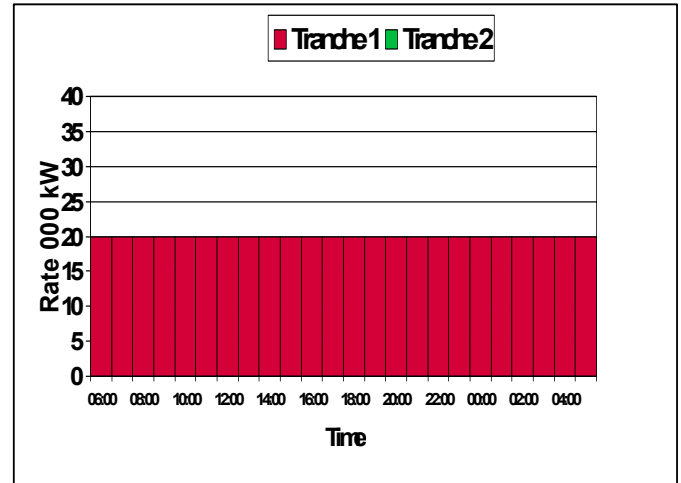
This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

### 1. The Modification Proposal

- This Proposal would only apply during periods of Transco initiated Supply and Demand management Interruption and seeks to enhance the current Partial Interruption arrangements such that Supply Points requested by Transco to partially interrupt for Supply/Demand management purposes would be able to continue to offtake gas at up to their maximum Supply Point Offtake Rate for a limited period or periods, subject to defined volume restrictions and any relevant existing NExA requirements, rather than being limited to the current hourly flat rate reduction. Potential gas offtake profiles before and after a Partial Interruption notice under the **prevailing arrangements** are shown in Figures 1 and 2.

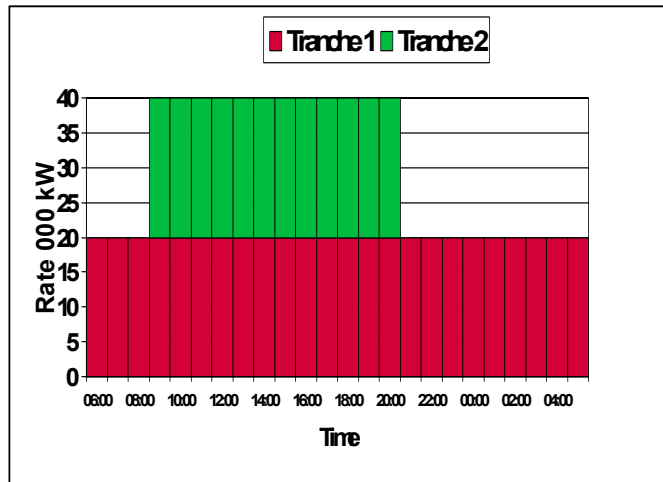


**Figure 1** Intended gas offtake before Interruption notice

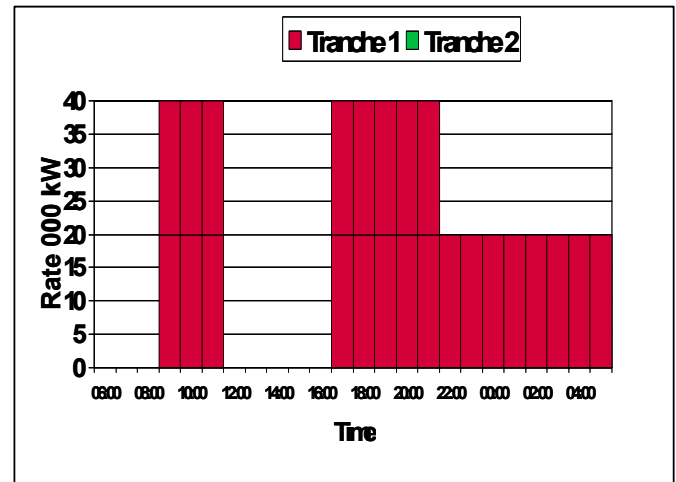


**Figure 2** Potential gas offtake after Partial Interruption notice

- The Proposal would introduce a cumulative volume restriction that applies for each hour of the Interruption period. At the end of any hour within the Interruption period, the cumulative quantity of gas offtaken from the Interruption start time to the end of that hour will be limited to the implied maximum volume of gas that could have been offtaken under the prevailing partial “rate restricted” Interruption arrangements from the Interruption start time to the end of the relevant hour. Potential gas offtake profiles before and after a Partial Interruption notice under the **proposed new arrangements** are shown in Figures 3 and 4.



**Figure 3** Intended gas offtake before Interruption notice



**Figure 4** Potential gas offtake after new Partial Interruption notice

- The service will apply at all Interruptible Supply Points that successfully register for the Partial Interruption service but excluding Network Sensitive Loads. The prevailing requirements for Partial Interruption status are not affected by this Proposal. The service would be available on all occasions when Interruption is called for Supply/Demand management purposes. The reason for Interruption will be indicated on the Interruption Notice.
- The proposed service will exclude Network Sensitive Loads (NSLs). A Network Sensitive Load ("NSL") is an Interruptible Supply Point where its specific Interruption may be required by Transco for the purpose of maintaining the capability to supply gas at a "rate" sufficient to support the Firm Supply Points which are located in the local area of, and are connected to the same local pipeline system as, such Interruptible Supply Point. As a consequence, such Interruptible Supply Points are likely to have a higher probability of "rate" related Interruption, for Capacity management purposes, than an Interruptible Supply Point which is not an NSL. It is therefore expected that NSLs will already have been called to interrupt for Capacity management purposes prior to Supply/Demand Interruption being required.
- Failure to Interrupt charges will be calculated as per the prevailing arrangements. The relevant excess quantity will be calculated as the maximum difference between the cumulative quantity offtaken at the end of any hour within the Interruption period less the allowed volume up to the end of that hour. The allowed volume will be the maximum implied by the Partial 'rate' Interruption arrangements from the Interruption start time to the end of the relevant hour. This is shown in the table below, where Interruption has been called for a period of 15 hours.

Hour	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Max Rate (GW)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Max Cumulative Volume (GW h)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Actual Rate (GW)	0	0	0	2	2	2	2	0	0	0	0	2	2	2	1
Cumulative Volume (GW h)	0	0	0	2	4	6	8	8	8	8	8	10	12	14	15
Actual Q - Allowed Q Volume (GW h)	-1	-2	-3	-2	-1	0	1	0	-1	-2	-3	-2	-1	0	0

“excess failure quantity”

$$= 1/15 = .07 \text{ GW}$$

- Transco has an obligation to accept or reject all applications for Partial Interruption within 10 business days of their receipt. This Proposal also seeks to provide a temporary extension (to October 2005) of this response time to 15 business days due to the increased complexity of the arrangements and the possibility of initial high demand for this service.

## 2. Transco's Opinion

In the Winter Operations report 2003/2004, NGT highlighted that in a severe winter there could be significant volumes of Interruption required for Supply/Demand balancing purposes. This would be expected to have an impact on the supply of gas to consumers who have interruptible supply contracts. Transco believes that enhancing Interruption services and introducing more flexible arrangements, may go some way to mitigate the potential impact of this volume of Interruption.

To achieve this, Transco raised Modification Proposal 0657 in October 2003. The intention of Modification Proposal 0657 was to allow Supply Points that have Partial Interruption arrangements to offtake a restricted volume of gas with no restriction on the hourly 'rate' other than that which normally applies at that Supply Point, when Interruption was for supply and demand management purposes and only when system flexibility allowed. However, this Modification Proposal was rejected by Ofgem in December 2003.

Transco continues to believe that there is benefit in enhancing the existing Partial Interruption arrangements and has therefore developed this revised Modification Proposal.

In its decision letter to Modification Proposal 0657, Ofgem stated that in its opinion, implementation of the Proposal would allow free access to within day system flexibility which could increase the potential for system balancing actions. In order to address this key concern, this revised Modification Proposal imposes a cumulative volume restriction that applies at each hour of the Interruption period. This requires Users to "over interrupt" effectively contributing towards a potential build up of linepack, to allow for periods of "under interruption" later in the day. This means that there would be no net depletion of linepack within the day attributable to this Proposal and therefore no increase in the potential for system balancing actions.

Ofgem also expressed concerns that Transco did not previously publish the criteria or systems information for establishing how the proposed service would be allocated to Users. This revised Modification Proposal would provide the service to all Interruptible Supply Points that successfully register for the Partial Interruption service. The service would be available on all occasions when Interruption is called at that Supply Point for Supply/Demand management purposes. The reason for

Interruption would be notified via the Interruption Notice. Transco therefore considers that this revised Proposal should address Ofgem's key concerns regarding the application of the service.

Transco has raised this Proposal to potentially minimise the impact of Supply/Demand Management Interruption. Transco recognises that within the development process, it has been identified that this Proposal might also benefit security of electricity supply by allowing CCGTs, that have Partial Interruption gas supply contracts in place, to satisfy peak electricity demand through periods of gas Supply/Demand Interruption, rather than restricting generation capacity over the entire period.

**3. Extent to which the proposed modification would better facilitate the relevant objectives**

This proposal, if implemented, seeks to enhance the existing Partial Interruption arrangements to allow Users greater choice and flexibility in terms of their within-day offtake profile whilst not increasing costs to other Users, thereby allowing them to optimise competitive business opportunities during periods when Interruption of their Supply Point is required for Supply/Demand management purposes. The approach is consistent with Amended Standard Condition 9 of Transco's GT Licence which requires Transco to establish transportation arrangements which facilitate the efficient and economic operation of its gas pipe-line system.

**4. The implications for Transco of implementing the Modification Proposal , including**

**a) implications for the operation of the System:**

Transco anticipates there may be an initial increase in demand for Partial Interruption services as a result of this Modification Proposal. This Proposal therefore seeks a temporary extension to the response time for all applications for the Partial Interruption service.

Transco is also proposing that the Interruption Notice includes a reason code identifying the type of Interruption being called, i.e. Transportation Constraint, Supply and Demand Management or Testing. Transco envisages that this will be a minor change.

**b) development and capital cost and operating cost implications:**

Transco does not envisage additional capital or operational costs as a result of this Proposal.

**c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:**

No significant additional costs anticipated other than the processing costs if demand for Partial Interruption services increases. It is envisaged that these costs would represent no more than costs associated with other new or revised Supply Point capacity enquiries which are recovered via general transportation charges.

**d) analysis of the consequences (if any) this proposal would have on price regulation:**

Transco is not aware of any such consequences.

**5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal**

Transco does not envisage any such consequences.

**6. The development implications and other implications for computer systems of Transco and related computer systems of Users**

Transco anticipates that minor changes to User systems may be required in order to recognise the new Interruption Reason Codes included on the Interruption Notices.

## **7. The implications of implementing the Modification Proposal for Users**

Transco envisages that implementation of this Proposal will allow Users greater choice in terms of their within-day offtake profile when Interruption of their Supply Point is required for Supply/Demand management purposes.

## **8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Storage Operators, suppliers, producers and, any Non-Network Code Party**

Transco does not anticipate any such implications in respect of Terminal Operators, Storage Operators, suppliers, producers and any non Network Code party. However, Transco believes that relevant end consumers and Connected System Operators may benefit from the flexibility that the proposed service provides.

## **9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal**

Transco is not aware of any such consequences.

## **10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

Advantages:

- Provides Users with greater flexibility to manage their interruption obligations.
- Facilitates access to system flexibility when such flexibility is available without impacting other Users.
- Potential benefit to security of electricity supply.

Disadvantages:

- Increased complexity in respect of Interruption management.

## **11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Transco received 7 representations to the Proposal from the following:

Association of Electricity Producers	AEP	
Scottish and Southern Energy Ltd		SSE
EDF Energy plc	EDF	
RWE Innogy	RWE	
E.ON UK plc	EON	
British Gas Trading	BGT	
Statoil (UK) Ltd	STA	

Two respondents fully supported the Proposal (EDF, BGT).

Four respondents offered qualified support for the Proposal (SSE, AEP, EON, STA).

One respondent did not support the Proposal (RWE).

## **Flexibility**

Six respondents (AEP, BGT, SSE, EDF, EON, STA) expressed support for the principle of providing more flexibility to Users to manage their interruption obligations. SSE noted "the proposal would have benefits for interruptible customers as it would enhance the existing partial interruption service and afford them additional flexibility over their gas take in a supply/demand interruption scenario".

RWE expressed concerns that, having taken into account the savings arising from interruptible transportation charging arrangements, the probability of gas supply interruption and the extent of the revenue they may forego from not being able to generate electricity or continue processing over peak periods, sites using Interruptible arrangements would, under this Proposal, be afforded extra flexibility. It states that this risks "distorting the value of firm and interruptible exit capacity as well as the value of peak load in the electricity market".

## **Transco Response**

Transco notes that the majority of respondents expressed support for the principle of the Proposal which is to enhance the existing Partial Interruption arrangements to allow Users greater choice and flexibility in terms of their within-day offtake profile whilst not increasing costs to other Users, during periods when Interruption of their relevant Supply Point is required for Supply/Demand management purposes.

Transco continues to believe that where the opportunity exists, to enhance current arrangements so as to allow greater choice and flexibility to Users, thereby mitigating the potential impact of increased volumes of Interruption on security of supply for end consumers, whilst not increasing costs to other Users, these opportunities should be made available. As the revised arrangements only apply when interruption is for S&D management purposes and not capacity management purposes there should be no impact on the valuation of exit capacity.

## **Impact on Electricity Industry**

SSE acknowledged, "For CCGT's [Combined Cycle Gas Turbines] that have interruptible transportation arrangements this service could be particularly valuable as they could opt to continue generating over the electricity peak demand hours". EDF also noted, "this modification may enable CCGTs to run throughout the morning and evening peaks, helping the electricity market to generate sufficient energy to cope with winter peak demand".

However, RWE were concerned that the Proposal may "create opportunities for generators to arbitrage between the cost of failure to interrupt charges they will incur by continuing to offtake at a higher rate, and the prices prevailing in the electricity balancing market". It also believes that "there is at least the possibility that NGT may benefit under their electricity incentives as a consequence of this modification" and are cautious in supporting Proposals that it believes "focus on the interdependence of both gas and electricity markets as the normal course of events should be to address inefficiencies in each market independently of the other, using market based solutions".

## **Transco Response**

As set out in the Proposal, Transco recognises that it has been identified that this Proposal might also benefit security of electricity supply by allowing CCGTs that have successfully registered for the Partial Interruption service, to satisfy peak electricity demand through periods of gas Supply/Demand Interruption, rather than restricting generation capacity over the entire period. However, the additional flexibility put forward in this Proposal is available to all Interruptible Supply Points, not just CCGTs.

Transco believes that opportunities for generators to arbitrage between the cost of Failure To Interrupt charges and prices prevailing in the electricity market, would not be any greater under the proposed new arrangements than under current interruption arrangements. However, to the extent that the User considers the current Failure to Interrupt charges are insufficient to deter such actions then it may be appropriate to raise this concern as a Topic for Discussion within the appropriate Network Code workgroup.

As stated in the Final Modification Report for 0657, "Partial 'Volume' Interruption Service", Transco cannot comment on the effect that the Proposal may or may not have on NGC's operating incentives. Transco expects that this Proposal will be assessed by the Authority against the relevant objectives applicable to the gas regime and not benefits or otherwise to other commercial regimes.

#### **Exclusion of NSLs (Network Sensitive Loads)**

Three respondents (EDF, SSE, AEP) questioned why NSLs had been excluded from the Proposal. Two respondents (SSE and AEP) considered that the exclusion of NSLs could be discriminatory.

#### **Transco Response**

Given the likelihood that any Transco initiated Supply and Demand Interruption would only be required at very high demand levels (currently Transco may require Interruption at Interruptible Supply Points when Forecast Total System Demand exceeds 85% of System 1-in-20 peak day demand), it was considered that NSLs would already be responding to Transportation Constraint related Interruption requirements and therefore would not be available for Supply and Demand management Interruption. However, in light of the representations received, Transco has reassessed the impact of making this service available to NSLs during the periods when, as is the case with all Interruptible Supply Points, they are not otherwise required for Transportation Constraint related Interruption and has concluded that it could be offered to NSLs without negatively impacting other Users. As such Transco proposes to make this service available to NSLs.

#### **Operation and Availability of the Service**

SSE note "in circumstances where only the minimum five hours notice were provided, SSE is not clear that there would be an opportunity for a customer to take advantage of this service". It also queries why the service could not be offered at other times of Interruption, rather than just when Interruption is for Supply/Demand management. STA query whether customers can continue to use the Partial Interruption service on a "rate" basis and are concerned that some customers would not have the ability to react quickly enough to stop consuming gas for specific periods during the day. BGT commented that communication involved in Partial Interruption should be clear and unambiguous such that Shippers and end consumers alike could be certain they were able to offtake gas at the notified quantities where this varies from the established tranches and therefore not subsequently be subject to any incentive or penalty, which may otherwise have applied.

#### **Transco Response**

The Interruption Notice will include (in addition to information already included on the Interruption Notice) the reason for Interruption. The Partial "volume" Interruption service and the time from which Users' cumulative offtake volume will be counted, will only apply from the Interruption Start Time, and not from the time the Interruption Notice is issued. Users can continue to take gas at the current hourly flat rate reduction during the period of Supply/Demand Interruption, should they wish to. The current Interruption obligations on Transco require the Interruption Notice to be issued to the relevant User(s) a minimum of five hours prior to the Interruption Start Time. This notice period also applies to Partial 'Rate' Interruption and it is not proposed to change this notice period. The issue of the five



hours notice period and the end consumer's ability to respond within this period was not raised during the development of this Proposal within the NT&T Workstream or in other Users representations to this Proposal. Therefore Transco believes that this Proposal provides a service which will be utilised by those who consider the commercial benefits it offers outweigh the operational changes necessary to take advantage of them.

Transco can only offer this service when Interruption is for Supply/Demand management. If Interruption is called for Capacity (Transportation Constraint) related issues it means that the ability of the network to maintain pressures at the offtakes is dependent on hourly flow rates being maintained at or below the flow capability (capacity) of the network. Allowing flow rates above this level at any time would result in a reduction in offtake pressures, which could not be recovered without reducing demand below that required to maintain a constant rate i.e. it would result in the requirement to "over interrupt".

### **Use of the Proposed Service**

SSE, RWE and AEP note that Transco has undertaken to revise its System Management Principles Statement (SMPS) such that Transco will utilise the market to provide a physical response for supply/demand management purposes before it calls for Supply/Demand Interruption. While there is support for such a revision (AEP and EON), AEP and RWE comment that these changes reduce the benefit of the proposed service. RWE further comment, "any Failure to Interrupt under Partial Interruption would also count as a Failure to Interrupt under clause G6.9.7 thus further restricting the likelihood of it being used". SSE query, given these changes and the impact of Modification Proposal 0705 (should it be implemented), when Transco envisages the proposed service being used.

EON express support for Modification Proposal 0699 'Amendment to Transco's Interruption Rights for Supply/Demand Purposes', which has been proposed by Shell Gas Direct. It adds that implementation of Modification Proposal 0699 would "reduce supply/demand interruption, reinforcing shippers' role in primary balancing and Transco's role as residual balancer, thereby negating the requirement for this proposal for partial interruption as the flexibility would be provided by shippers on the OCM".

### **Transco Response**

Transco acknowledge that, since the introduction of the Network Code there has been no instances of Transco initiated Interruption for Supply/Demand management purposes. However, given the current expectations in regard to the Supply/Demand position for the forthcoming winter and the prevalence of "Transco only" Interruptible Gas Supply Contracts, Transco considers that there is an increased likelihood of such Interruption being called in the future. As such Transco considers that it is prudent to introduce this service at this time.

The Failure to Interrupt charges in Section G6.9.7 will apply under the new arrangements. However as these charges exist under the current arrangements and Transco is not proposing to change the manner in which they are incurred, Transco does not believe this will restrict the likelihood of the service being used.

### **Impact on Other Developments**

Many respondents noted that there are other Proposals being developed that are related to this Proposal. EDF, AEP, RWE and EON suggest that this Proposal be considered in conjunction with other relevant Proposals, in particular Modification Proposal 0705.



## Transco Response

Transco believes that any Proposal should be appraised on its own merits in accordance with the relevant objectives.

### 12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

No such requirement.

### 13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) of the statement; furnished by Transco under Standard Condition 4(1) of the License

Transco is unaware of any such requirements.

### 14. Program of works required as a consequence of implementing the Modification Proposal

Develop and implement procedural changes to Partial Interruption processes. Develop and implement system changes to allow reason for Interruption to be displayed on the Interruption Notices issued by Transco.

### 15. Proposed implementation timetable (including timetable for any necessary information systems changes)

Action	Due Date
DMR issued	08/07/04
Consultation close-out	29/07/04
FMR issued	19/08/04
Ofgem decision expected	16/09/04
Systems Development and Implementation	01/10/04

### 16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends implementation of this Modification Proposal.

### 17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

### 18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

## 19. Text

### SECTION G: SUPPLY POINTS

*Amend paragraph 6.7.3 to read as follows:*

“Subject to ...:

(a) ... ;

(b) ... ;

(c) ... .

Transco may, where it has issued an Interruption Notice pursuant to one of the above sub-paragraphs, issue a replacement Interruption Notice pursuant to a different sub-paragraph. From the time at which such replacement notice takes effect all rights, obligations or restrictions applicable to such replacement notice shall apply accordingly and shall supersede those applicable to the replaced notice.

*Amend paragraph 6.10.4 to read as follows:*

“Where Transco requires Interruption at the Supply Point;

(a) pursuant to paragraph 6.7.3(a) or 6.7.3(b):

(i) in any period of 60 minutes in the Day, and subject always to paragraph 5.3.1 and to the provisions of any relevant Network Exit Agreement, the Registered User will be allowed to offtake a quantity of gas...;

(ii) for the purposes . . . ; and

(iii) the provisions of . . . ;

(b) pursuant to paragraph 6.7.3(c):

- (i) in respect of a period from the Interruption Start Time on the Day until the end of a period of 60 minutes following that Interruption Start Time, and subject always to paragraph 5.3.1 and to the provisions of any relevant Network Exit Agreement, the Registered User will be allowed to offtake a quantity of gas (and Sharing Registered Users will be allowed to offtake a quantity of gas in aggregate) measured in kWh, not exceeding the sum of the Tranche Quantities of the Tranches at the Supply Point in respect of which an Interruption Notice has not been served multiplied by the relevant number of periods of 60 minutes expired from the Interruption Start Time (it being acknowledged that the limit imposed by this paragraph 6.10.4(b)(i) relates to the aggregate amount offtaken from the Interruption Start Time and shall apply and be required to be satisfied at the end of each and every period of 60 minutes from the Interruption Start Time);
- (ii) for the purposes of paragraph 6.9.1(a), the requirement of paragraph 6.7.2(b) shall not be satisfied where the quantity referred to in paragraph 6.10.4(b)(i) at the end of any period of 60 minutes following the Interruption Start Time has been exceeded;
- (iii) the provisions of paragraph 6.9.2(a) shall apply; and
- (iv) the provisions of paragraph 6.10.5 shall apply save that the excess failure quantity for any particular period of 60 minutes in the Day shall be the total quantity of gas offtaken from the Interruption Start Time on the Day until the end of that 60 minute period less the quantity permitted to be offtaken having regard to the provisions of paragraph 6.10.4(b)(i) above and Y shall be the amount of the highest excess failure quantity at any point in time during the Period of Interruption. Where Transco requires Interruption at the Supply Point on a Day pursuant to paragraph 6.7.3(a) or 6.7.3(b) and paragraph 6.7.3(c), the value of Y shall be the aggregate of that determined pursuant to this paragraph (iv) and that determined pursuant to paragraph 6.10.5(c)(ii).

*Amend paragraph 6.11.4 to read as follows:*

“Where Transco requires Interruption at an Interruptible CSEP;

(a) pursuant to paragraph 6.7.3(a) or 6.7.3(b):

- (i) in any period of 60 minutes in the Day, and subject always to paragraph 5.3.1 and to the provisions of any relevant Network Exit Agreement, the CSEP User will be allowed to offtake a quantity of gas. . . ;
- (ii) for the purposes . . . where the hourly offtake in paragraph (i) has been exceeded; and
- (iii) the provisions of . . . ;

(b) pursuant to paragraph 6.7.3(c):

- (i) in respect of the period from the Interruption Start Time on the Day until the end of a period of 60 minutes following that Interruption Start Time, and subject always to paragraph 5.3.1 and to the provisions of any relevant Network Exit Agreement, the CSEP User will be allowed to offtake a quantity of gas (and CSEP Users will be allowed to offtake a quantity of gas in aggregate) measured in kWh, not exceeding the sum of the Tranche Quantities of the Tranches at the Interruptible CSEP in respect of which an Interruption Notice has not been served multiplied by the relevant number of periods of 60 minutes expired from the Interruption Start Time (it being acknowledged that the limit imposed by this paragraph 6.11.4(b)(i) relates to the aggregate amount offtaken from the Interruption Start Time and shall apply and be required to be satisfied at the end of each and every period of 60 minutes from the Interruption Start Time);
- (ii) for the purposes of paragraph 6.9.1(a), the requirement of paragraph 6.7.2(b) shall not be satisfied where the quantity referred to in paragraph 6.11.4(b)(i) at the end of any period of 60 minutes following the Interruption Start Time has been exceeded;
- (iii) the provisions of paragraph 6.9.2(a) shall apply; and

(iv) the provisions of paragraph 6.11.5 shall apply save that the excess failure quantity for any particular period of 60 minutes in the Day shall be the total quantity of gas offtaken from the

Interruption Start Time on the Day until the end of that 60 minute period less the quantity permitted to be offtaken having regard to the provisions of paragraph 6.11.4(b)(i) above and Y shall be the amount of the highest excess failure quantity at any point in time during the Period of Interruption. Where Transco requires Interruption at the Supply Point on a Day pursuant to paragraph 6.7.3(a) or 6.7.3(b) and paragraph 6.7.3(c), the value of Y shall be the aggregate of that determined pursuant to this paragraph (iv) and that determined pursuant to paragraph 6.10.5(c)(ii).

## **TRANSITION DOCUMENT PART II**

*Insert a new paragraph 8.4.20 as follows:*

“G6.10.2(d)

In respect of the period from 1 October 2004 until 30 September 2005 (both dates inclusive) the period within which Transco shall accept or reject all applications for Partial Interruption shall be 15 Business Days of their receipt by Transco from a Registered User or the Sharing Registered Users’ Agent as appropriate.”

Signed for and on behalf of Transco.

Signature:

**Richard Court**  
**Commercial Frameworks Manager**  
**NT & T**

Date:

**Gas and Electricity Markets Authority Reponse:**

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21<sup>st</sup> February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference 0702, version **1.0** dated **19/08/2004**) be made as a modification to the Network Code.

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

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

**Process Manager – Network Code**

**Transco**

Date:

**Annex**

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:
  - (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") within 28 days of the date on which the Agreement is made; or
  - (ii) if, within 28 days of the provision of the copy, the Authority gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.

2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.
3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.
4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.