

20/09/2002

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0582**

"Changes to Commercial Arrangements for a Network Gas Supply Emergency"

Please note that Modification Proposal No 0582 will be implemented with effect from 06:00 hours on 21/09/2002. The Final Modification Report, Version 4.0, was signed by Ofgem on 20/09/2002.

The new Network Code text resulting from this Modification follows.

Modified Text:

Amend paragraph 1.2.3 to read as follows:

"1.2.3 For the purposes of the Code:

- (a) a "**Network Gas Supply Emergency**" is a network gas supply emergency (as referred to in the NEC Safety Case), namely a Gas Supply Emergency which involves or may involve a loss of pressure in the NTS;
- (b) a "**Network Gas Supply Emergency Gas Deficit Emergency**" is a Network Gas Supply Emergency which arises as a result of:
 - (i) deliveries of gas to the System being insufficient for the purpose of meeting demand for gas on the System;
 - (ii) or a Transportation Constraint affecting the deliveries of gas to the System;
 - (iii) or a Transportation Constraint on the System which does not prejudice the ability of Users to offtake gas from the System;
- (c) a "**Network Gas Supply Emergency Critical Transportation Constraint Emergency**" is a Network Gas Supply Emergency which is not a Network Gas Supply Emergency Gas Deficit Emergency; and

- (d) any other Gas Supply Emergency is a “**Local Gas Supply Emergency**” (that is, local gas supply emergency as referred to in the NEC Safety Case).”

Amend paragraph 3.1.1 to read as follows:

- “(i) . . . whether it is a Potential Network Gas Supply Emergency or of the Stage thereof, and (in the case of a Network Gas Supply Emergency which is not a Potential Network Gas Supply Emergency) whether it is a Network Gas Supply Emergency Gas Deficit Emergency or a Network Gas Supply Emergency Critical Transportation Constraint Emergency, and (in the case of any Gas Supply Emergency), in so far as reasonably practicable, of the nature, extent and expected duration . . .
- (ii) . . . and material developments in respect of the Gas Supply Emergency (including, without limitation, any determination made by Transco pursuant to paragraph 3.5.1); and
- (iii)”

Amend paragraph 3.2.2 to read as follows:

“In a Network Gas Supply Emergency Gas Deficit Emergency the application of Section D . . . from the time the Network Gas Supply Emergency Gas Deficit Emergency was declared . . . duration of a Network Gas Supply Emergency Gas Deficit Emergency, Transco will not take . . .”

Amend paragraph 3.3.2 to read as follows:

"In a Network Gas Supply Emergency Gas Deficit Emergency each User shall comply . . ."

Amend paragraph 3.3.3 to read as follows:

“In any Network Gas Supply Emergency Transco may (where appropriate, in lieu of applying...)”

Renumber paragraph 3.5 as paragraph 3.6 and insert a new paragraph 3.5 as follows:

“Network Gas Supply Emergency Critical Transportation Constraint Emergency”

3.5.1 If, in the event of a Network Gas Supply Emergency Critical Transportation Constraint Emergency, Transco determines at any time that the application of Section D may have a detrimental effect on Transco’s immediate ability to take Emergency Steps in accordance with paragraph 1.3.1 above, then the application of Section D (other than paragraph 2.4 thereof) will be suspended with effect from such time as may be determined by Transco and notified to Users pursuant to paragraph 3.1.1(ii)

and in respect of any later Gas Flow Day falling within the duration of a Network Gas Supply Emergency Critical Transportation Constraint Emergency. Transco will not take any Market Balancing Actions from such time and (in lieu thereof) the Emergency Procedures will apply and Transco’s decisions as to the delivery and offtake of gas to and from the System will be implemented pursuant to paragraphs 3.3 and 3.4.

3.5.2 In the event that paragraph 3.5.1 applies, the provisions of paragraphs 3.3.2, 4.1.1 and 4.2 shall, from the time determined by Transco pursuant to paragraph 3.5.1, apply mutatis mutandis to the Network Gas Supply Emergency Critical Transportation Constraint Emergency as if all references in such paragraphs to a Network Gas Supply Emergency Gas Deficit Emergency were to the Network Gas Supply Emergency Critical Transportation Constraint Emergency.

Amend paragraph 4.1.1 to read as follows:

“In respect of each Day or part of a Day during a Network Gas Supply Emergency Gas Deficit Emergency:

(i) . . . Daily System Entry Capacity . . . ;

. . .

(viii) . . . ; and

(ix) . . . provisions of Section G.”

Amend the title of paragraph 4.2 to read as follows:

“Clearing of gas balances following a Network Gas Supply Emergency Gas Deficit Emergency”

Amend paragraph 4.2.1 to read as follows:

“In a Network Gas Supply Emergency Gas Deficit Emergency Section F2 will apply . . .”

Amend paragraph 4.2.2 to read as follows:

“In respect of each Day during a Network Gas Supply Emergency Gas Deficit Emergency:

(i) . . . ;

(ii)”

Amend paragraph 4.2.3 to read as follows:

“...by reference to the 30 Days preceding the Day on which the Network Gas Supply Emergency Gas Deficit Emergency started.”

Amend paragraph 4.2.4 to read as follows:

“In applying Section F4 in respect of Days during a Network Gas Supply Emergency Gas Deficit Emergency amounts payable by Transco . . . (for the purposes of Section F4.4.3).”

Amend paragraph 4.2.5 to read as follows:

“ . . . in respect of any gas delivered to the System on a Day during a Network Gas Supply Emergency Gas Deficit Emergency (but not in respect of . . .

Renumber existing paragraph 4.3 as 4.4 and add new paragraph 4.3 to read as follows:

"4.3 Consequences of Network Gas Supply Emergency Critical Transportation Constraint Emergency

4.3.1 Save where paragraph 3.5.1 applies (in which event this paragraph 4.3 shall be of no effect), where a User (the “claimant”) believes that it will suffer a financial loss in respect of any gas delivered to the System on a Day during a Network Gas Supply Emergency Critical Transportation Constraint Emergency in accordance with Transco’s instructions to the operator of a Storage Facility (in which the User had gas-in-storage) pursuant to paragraph 3.3.3:

- (a) the claimant may within such time as Transco shall reasonably require submit to Transco a claim in respect of such financial loss together with details of the basis on which it believes it will suffer such loss and the amount thereof;
- (b) Transco will appoint an independent accountant or other appropriately qualified person as “claims reviewer” to review each claimant's claim and advise Transco of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid so that it will not suffer such financial loss;
- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;

- (d) the fees and costs of the claims reviewer shall be paid by Transco and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
- (e) Transco will (after consultation with the claimant and the Director) pay to the claimant the amount advised by the claims reviewer (unless on Transco's application after consultation with the claimant the Director shall give Condition 7(4) Approval to Transco's paying a different amount).

4.3.2 Save where paragraph 3.5.1 applies, in applying Section F4 in respect of Days during a Network Gas Supply Emergency Critical Transportation Constraint Emergency:

- (a) amounts payable by Transco to Users pursuant to paragraph 4.3.1; and
- (b) all such costs as Transco may reasonably incur pursuant to paragraph 3.4.

Yours sincerely,

Julian Majdanski
Modification Panel Secretary