

24 July 2000

To: Shippers, Panel Members & Non-Network Code Parties

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0408
"Review of Entry Overrun Charges"**

Please note that the Final Modification Report, Version 2.0 was signed by Ofgem on 21 July 2000 for Modification Proposal No: 0408

With effect from 06.00 hours on 1 October 2000 the new Network Code text resulting from this Modification is detailed below.

Modified Text:

proposed legal text

SECTION B: SYSTEM USE AND CAPACITY

Amend paragraph 2.10.3 to read as follows:

“The System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:

- (1.1 * A), where ‘A’ is the relevant average accepted offer price in respect of the Aggregate System Entry Point for that Day;
- (8 * B),...; and
- (1.1 * C),...Aggregate System Entry Point.”.

Renumber paragraph 2.10.4 as 2.10.5 and add text at paragraph 2.10.4 to read as follows:

“For the purposes of paragraph 2.10.3(a), in respect of an Aggregate System Entry Point the **“relevant average accepted offer price”** for a Day is calculated as:

0

where:

n _____ is the number of relevant successful bids;

Q _____ is the amount of Monthly System Entry Capacity allocated to each relevant successful bid (being in aggregate equal to the relevant capacity); and

P_____ is the bid price of each relevant successful bid

and for the purposes of this paragraph 2.10.4 a “relevant successful bid” is a bid in respect of which relevant capacity was allocated and “relevant capacity” is that amount of capacity equal to the first 25% of the total Daily System Entry Capacity allocated (determined by ranking all relevant successful bids for the Day in price order (the highest ranked first) and aggregating the Daily System Entry Capacity for each relevant successful bid, in descending order of bid price starting with the highest priced until the aggregate Daily System Entry Capacity equals the relevant capacity) in accordance with paragraph 2.5.7.”.

TRANSITION DOCUMENT, PART II

Add text in paragraph 8.1 to read as follows:

“B2.10.3 _____ In respect of each Day in the period from the date of implementation of the Modification to the Code giving effect to this paragraph (“date of implementation”) until 30 November 2000, for the purposes of calculating System Entry Overrun Charges the provisions of Section B2.10.3(a) applying immediately prior to the date of implementation shall continue to apply.”.

Yours sincerely

Julian Majdanski
Modification Panel Secretary