

24 July 2000

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

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0410
"Auctions of Monthly Interruptible System Entry Capacity"

Please note that the Final Modification Report, Version 4.00 was signed by Ofgem on 21 July 2000 for Modification Proposal No: 0410

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 2.1.2 to read as follows:

“(ii) ...;

Monthly Interruptible System Entry Capacity pursuant to a bid under paragraph 2.6, or by later application under paragraph 2.7; and

Daily Interruptible System Entry Capacity pursuant to a bid under paragraph 2.8.”.

Amend paragraph 2.1.4 to read as follows:

“(b) ...

“Monthly Interruptible System Entry Capacity” is System Entry Capacity which may be applied for and registered as held (in a given amount) by a User for a particular calendar month; and

“Daily Interruptible System Entry Capacity” is System Entry Capacity...for a particular Day only”.

Amend paragraph 2.1.5 to read as follows:

“(c) ...Daily System Entry Capacity and “Interruptible System Entry Capacity” means Monthly Interruptible System Entry Capacity and Daily Interruptible System Entry Capacity; and Interruptible System Entry Capacity is liable to be curtailed pursuant to paragraph 2.10.2.”.

Change in paragraphs 2.1.5(d) and (e) references to paragraphs 2.7.12 and paragraph 2.8.3 to paragraph 2.9.12 and 2.10.3 respectively.

Change in paragraph 2.5.11(a) reference to paragraph 2.7 to paragraph 2.9.

Change in paragraphs 2.5.11(c) and (d) reference to paragraphs 2.7.6 to paragraph 2.9.6.

Re-number Section B2.6, 2.7, 2.8, 2.9, 2.10, 2.11 as 2.8, 2.9, 2.10, 2.11, 2.12 and 2.13 respectively.

Add new paragraph 2.6 to read as follows:

“2.6 Auction of Monthly Interruptible System Entry Capacity

2.6.1 Transco will invite applications for Monthly Interruptible System Entry Capacity in respect of each Aggregate System Entry Point for each calendar month in the Gas Year.

2.6.2 Transco’s invitation under paragraph 2.6.1 will specify:

- (a) the two dates (“**invitation dates**”, each of which shall be a Business Day) on which applications pursuant to such invitation may be made, the last of which shall not be later than 15 August in the Preceding Year; and the period between each such invitation date shall be not less than two Business Days;

for each invitation date, the Available Monthly Interruptible Capacity (being an equal amount for each such date).

2.6.3 On each invitation date Users may apply for Monthly Interruptible System Entry Capacity in respect of an Aggregate System Entry Point for a calendar month in the Gas Year in accordance with this paragraph 2.6.

2.6.4 An application (a “**monthly interruptible capacity bid**”) for Monthly Interruptible System Entry Capacity pursuant to this paragraph 2.6:

(a) shall specify:

- (i) the identity of the User;
(ii) the Aggregate System Entry Point;
(iii) the calendar month in the Gas Year for which Monthly Interruptible System Entry Capacity is applied for (in kWh/Day);
(iv) the amount (not less than the minimum eligible amount) Monthly Interruptible System Entry Capacity applied for (in kWh/Day);
(v) the minimum amount (not less than the minimum eligible amount) of which the User is willing to be allocated if paragraph 2.6.7(c) and (d) applies; and
(vi) the amount (the “**bid price**”, which shall not be less than the applicable monthly reserve price) in pence/kWh/Day which the User is willing to pay by way of Capacity Charge in respect of the Monthly Interruptible System Entry Capacity applied for;

(b) may not be submitted before 08:00 hours or after 17:00 hours on the invitation date; may be withdrawn or amended until, but not after, 17:00 hours on the invitation date.

2.6.5 On each invitation date a User may have, at any one time, up to but not more than 20 monthly capacity bids in respect of a particular Aggregate System Entry Point for each calendar month in the Gas Year capable of acceptance in accordance with this paragraph 2.6.

2.6.6 Transco will reject a monthly interruptible capacity bid where the bid price is less than the applicable monthly reserve price, or where any other requirement of paragraph 2.6.4 is not complied with, and may reject such an application in accordance with Section V3.

2.6.7 For each calendar month in the Gas Year in respect of each Aggregate System Entry Point Monthly Interruptible System Entry Capacity will be allocated pursuant to monthly capacity bids submitted on each invitation date as follows:

- (a) all monthly capacity bids (excluding any bid rejected pursuant to paragraph 2.6.6) will be ranked in order of bid price (the highest priced ranking first);
(b) Monthly Interruptible System Entry Capacity will be allocated in respect of each bid, in descending order of bid price starting with the highest priced, in the amount applied for, until the amount of Monthly Interruptible System Entry Capacity in aggregate for which bids are accepted is equal to (or falls short by no more than the minimum eligible amount of) the Available Monthly Interruptible Capacity;
(c) subject to paragraphs (d) and (e) and paragraph 2.6.8, where the amount of Monthly

Interruptible System Entry Capacity applied for under a bid exceeds the amount (the “**remaining unallocated amount**”) of the Available Monthly Interruptible Capacity remaining unallocated after allocation to higher priced bids, the User will be allocated an amount equal to the remaining unallocated amount;
subject to paragraph (e) and paragraph 2.6.8, where each of two or more bids (“**equal priced bids**”) specifies the same bid price, and the amount of Monthly Interruptible System Entry Capacity applied for in aggregate under such bids exceeds the remaining unallocated amount, the remaining unallocated amount will be allocated pro rata the amounts applied for in each such bid; and
where the amount to be allocated in respect of a bid pursuant to paragraph (iii) or (iv) is less than the minimum amount specified pursuant to paragraph 2.6.4(a)(v), the bid will be disregarded (and of no effect), and a revised allocation will be made between remaining equal price bid(s) under paragraph (d), or (as the case may be) an allocation made in respect of the next priced bid.

2.6.8 Where the amount to be allocated in respect of any bid pursuant to paragraph 2.6.7 is less than the minimum eligible amount, Transco will not accept that or any further monthly capacity bids under this paragraph 2.6.

2.6.9 Subject to paragraph 2.6.8, Transco will accept bids in respect of which Monthly Interruptible System Entry Capacity is allocated in accordance with paragraph 2.6.7, and each User whose bid is so accepted will be registered as holding Monthly Interruptible System Entry Capacity (in the amount so allocated) for the calendar month in the Gas Year in respect of the Aggregate System Entry Point.

2.6.10 Transco will, not later than 09:00 hours on the Business Day following each invitation date, inform each User of those of its monthly interruptible capacity bids which have been accepted and the amount of Monthly Interruptible System Entry Capacity which it is registered as holding for a calendar month in the Gas Year pursuant to each such accepted bid and in addition Transco will notify all Users of:

- (a) _____ the highest and lowest bid price in respect of a bid for Monthly Interruptible System Entry Capacity was allocated; and
- (b) _____ the weighted average price in respect of bids for Monthly Interruptible System Entry Capacity was allocated (in pence/kWh) calculated as:

_____0

where:

n _____ is the number of successful bids;

Q _____ is the amount of Monthly Interruptible System Entry Capacity allocated to each successful bid;

P _____ is the bid price of each successful bid;

(c) _____ the aggregate amount of Monthly Interruptible System Entry Capacity which Users were registered as holding at each Aggregate System Entry Point in each calendar month; and

(d) _____ the number of Users who were registered as holding Monthly Interruptible System Entry Capacity at each Aggregate System Entry Point in each calendar month.

2.6.11 Each User who applies for Monthly Interruptible System Entry Capacity shall tender in respect of each monthly capacity bid made a bid price (in accordance with paragraph 2.6.4(a)(vi)), and agrees by making such application to pay by way of System Entry Capacity Charges the bid price so tendered in respect of the Monthly Interruptible System Entry Capacity allocated in accordance with this paragraph 2.6.

pursuant to such monthly bid.

2.6.12 Transco will, as soon as reasonably practicable after the [last of the] invitation date[s], notify to each User:

- (a) the amount of Monthly Interruptible System Entry Capacity at each Aggregate System Entry Point for each month which was allocated in aggregate to all Users, pursuant to the invitation;
- (b) the amount (if any) of Outstanding Monthly Interruptible Capacity that Users may apply for subject to and in accordance with paragraph 2.7.

2.6.13 For the purposes of this paragraph 2.6:

the “**applicable monthly interruptible reserve price**” is the price determined as such (for the purposes of this paragraph 2.6) in accordance with the Transportation Statement;
the “**Available Monthly Interruptible Capacity**” in respect of an Aggregate System Entry Point is the maximum amount of System Entry Capacity which will be allocated following the submission of monthly interruptible capacity bids on each of the invitation dates; and the aggregate of the Available Monthly Interruptible Capacity in relation to the invitation dates will be the Maximum Monthly Interruptible Capacity;
and

the “**Maximum Monthly Interruptible Capacity**” in respect of an Aggregate System Entry Point for a calendar month is an amount equal to:

$$MC - OMSEC$$

where:

MC _____ is the greater of:

the highest Maximum Capacity Amount for the Aggregate System Entry Point for any calendar month in the preceding 3 Gas Years; and

the peak flow forecast for the Aggregate System Entry Point set out in the Base Plan

Assumptions for the Gas Year in which the calendar month falls; and

OMSEC _____ is the amount of Monthly System Entry Capacity in respect of which Users were invited to make applications for the relevant month pursuant to paragraph 2.3.2.

2.7 **Later application for Monthly Interruptible System Entry Capacity**

2.7.1 Where (for any calendar month and in relation to any Aggregate System Entry Point) the amount of Monthly Interruptible System Entry Capacity allocated in aggregate pursuant to monthly interruptible capacity bids submitted on the invitation dates is less than the Maximum Monthly Interruptible Capacity, Users may subsequently apply for Monthly Interruptible System Entry Capacity, subject to and in accordance with this paragraph, until such time as there is no longer any Outstanding Monthly Interruptible Capacity.

2.7.2 For the purposes of this paragraph 2.7, at any time (or in relation to any application for Monthly Interruptible System Entry Capacity) the “**Outstanding Monthly Interruptible Capacity**” for any calendar month and in relation to any Aggregate System Entry Point, is the amount (if any) by which the Maximum Monthly Interruptible Capacity exceeds the Monthly Interruptible System Entry Capacity for the time being held by Users in aggregate (including pursuant to all preceding applications under this paragraph 2.7, and taking account of paragraph 2.1.8).

2.7.3 An application for Monthly Interruptible System Entry Capacity pursuant to this paragraph 2.7:

- (a) shall specify:
 - (i) the identity of the User,
 - (ii) the Aggregate System Entry Point,
 - (iii) the calendar month for which Monthly Interruptible System Entry Capacity is applied for (in kWh/Day),
 - (iv) the amount (not less than the minimum eligible amount) of Monthly

- Interruptible System Entry Capacity applied for (in kWh/Day), and
(v) the minimum amount (not less than the minimum eligible amount) of Monthly Interruptible System Entry Capacity which the User is willing to be allocated if paragraph 2.7.7 applies;
(b) may not be submitted before 08:00 hours or after 17:00 hours on any Day;
(c) may be submitted at any time after Transco has announced the allocations of Monthly Interruptible System Entry Capacity for all Aggregate System Entry Points pursuant to the auction under paragraph 2.6 for the relevant Gas Year;
(d) may not be submitted later than the fourth Day before the first Day of the calendar month for which the application is made.
- 2.7.4 Transco will reject an application for Monthly Interruptible System Entry Capacity under this paragraph where the requirements of paragraph 2.7.3 are not complied with, and may reject such an application in accordance with Section V3.
- 2.7.5 An application for Monthly Interruptible System Entry Capacity pursuant to this paragraph 2.7 may be amended or withdrawn until but not after 18:00 hours on the Day on which it was submitted; and where such an application is amended it shall be treated (for the purposes of paragraph 2.7.8) as resubmitted at the time it is amended.
- 2.7.6 Where the Outstanding Monthly Interruptible Capacity is less than the minimum eligible amount, Transco will not accept any (or any further) applications for Monthly Interruptible System Entry Capacity (in respect of the relevant calendar month) at the relevant Aggregate System Entry Point under this paragraph 2.7.
- 2.7.7 Subject to paragraph 2.7.6, where under any application the amount of Monthly Interruptible System Entry Capacity applied for is greater than the Outstanding Monthly Interruptible Capacity at the relevant Aggregate System Entry Point the User will be allocated an amount equal to the lesser of the Outstanding Monthly Interruptible Capacity unless the minimum amount specified pursuant to paragraph 2.7.3(a)(v) exceeds such amount of System Entry Capacity, in which case the application will be disregarded (and of no effect) and the next application will be considered.
- 2.7.8 Monthly Interruptible System Entry Capacity will be allocated on a Daily basis to applications under this paragraph 2.7 in the chronological order in which such applications were submitted on each Day.
- 2.7.9 Where a User's application under this paragraph is accepted, the User will be registered as holding (in addition to any already held) Monthly Interruptible System Entry Capacity at the Aggregate System Entry Point for the relevant calendar month in the amount allocated or applied for pursuant to paragraph 2.7.7 and/or 2.7.8.
- 2.7.10 Transco will notify to all Users by not later than 19:00 hours each Day:
(a) the aggregate amount of Monthly Interruptible System Entry Capacity held at each Aggregate System Entry Point for each calendar month following the allocation of such capacity pursuant to this paragraph 2.7 on the preceding Day;
for each calendar month (if any) the remaining Outstanding Monthly Interruptible Capacity (after deducting the aggregate amount in paragraph (a)).”

Change all existing references in renumbered Section B2.8 from 'Interruptible System Entry Capacity' to 'Daily Interruptible System Entry Capacity'.

Change in renumbered paragraph 2.8 all references to paragraph 2.6 to paragraph 2.8.

Change in renumbered paragraph 2.9 all references to paragraph 2.7 to paragraph 2.9.

Change in renumbered paragraph 2.9.8(f) reference to paragraph 2.8 to paragraph 2.10.

Change in renumbered paragraph 2.10 all references to paragraph 2.8 to paragraph 2.10.

Change in renumbered paragraph 2.10.2 in definition of 'Y' reference to paragraph 2.7 and 2.11 to reference to paragraph 2.9 and 2.13.

Amend renumbered paragraph 2.10.3 to read as follows:

“...interruptible curtailment notice, the amount of each User's Available Interruptible

System Entry Capacity (excluding any negative Available Interruptible System Entry Capacity) will be determined as...

....

where R is the amount of the User's Available Interruptible System Entry Capacity for the Day.”

Change in renumbered paragraph 2.11 all references to paragraph 2.9 to paragraph 2.11.

Change in renumbered paragraph 2.11.4 references to paragraphs 2.8.3 and 2.7.10 to paragraphs 2.10.3 and 2.9.10.

Change in renumbered paragraph 2.12 all references to paragraph 2.10 to paragraph 2.12.

Change in renumbered paragraph 2.12.1 references to paragraphs 2.7.10, 2.8.3 and 2.8.5 to paragraphs 2.9.10, 2.10.3 and 2.10.5.

Change in renumbered paragraph 2.13 all references to paragraph 2.11 to paragraph 2.13.

Change in renumbered paragraph 2.14 all references to paragraph 2.12 to paragraph 2.14.

Change in renumbered paragraph 2.14.5(c) references to paragraphs 2.7.12 and 2.8.4 to paragraphs 2.9.12 and 2.10.4.

Amend renumbered paragraph 2.8.2 to read as follows:

“...(**daily interruptible capacity bid**)...”

Amend renumbered paragraph 2.8.3 to read as follows:

“...**daily** interruptible capacity bid...”

Amend renumbered paragraph 2.8.4 to read as follows:

“...**daily** interruptible capacity bid...”

Amend renumbered paragraph 2.8.5 to read as follows:

“...**daily** interruptible capacity bid...”

all **daily** interruptible capacity bids...”

Amend renumbered paragraph 2.8.8 to read as follows:

“...**daily** interruptible capacity bids.”

Amend renumbered paragraph 2.8.4 to read as follows:

“...**daily** interruptible capacity bid...”

Amend paragraph 2.8.10(b) to read as follows:

the amount (if any) of Outstanding Monthly Interruptible Capacity for the calendar month in which such Day falls following the allocation of Monthly Interruptible System Entry Capacity in accordance with paragraph 2.7;

the amount (if any) by which...; and

based on Transco's reasonable estimate...”

Amend renumbered 2.11.3 to read as follows:

“(iii/c) ...

(iv/d) in respect of Monthly Interruptible System Entry Capacity the bid price tendered by the User in respect of Monthly Interruptible System Entry Capacity allocated under paragraph 2.6; and

(v/f) in respect of **Daily** Interruptible System Entry Capacity the bid price tendered by the User in respect of **Daily** System Entry Capacity allocated under paragraph 2.8.”

Change references in paragraphs 5.2.1 and 5.1.4 to paragraph 2.7.10 and paragraph 2.8.5 to paragraph 2.9.12 and paragraph 2.10.3 respectively.

Add new paragraph 5.2.1 to read as follows:

“(iii) ...;

(iv) ...; and

(v) in the case of System Entry Capacity, whether the Transferred System Capacity is Firm System Entry Capacity or Interruptible System Entry Capacity.”

Change reference in paragraph 5.5.1 to paragraph 2.7 to paragraph 2.9.

Change reference in paragraph 5.5.2 to paragraph 2.6 and paragraph 2.10.2 to paragraph

2.8 and paragraph 2.12.2 respectively.

TRANSITIONAL DOCUMENT PART II

Add text in paragraph 8.1 to read as follows:

“B2.6 In respect of the Gas Year 2000/2001: the reference in Section B2.6.1 to each calendar month in the Gas Year shall be deemed to be a reference to the calendar months December 2000 to March 2001 (inclusive); and the reference in Section B2.6.2(a) to 15 August in the Preceding Year shall be deemed (for the purposes of paragraph (1)) to be a reference to [10] November 2000; by not later than 28 February 2001 Transco will invite applications for Monthly Interruptible System Entry Capacity in respect of each Aggregate System Entry Point for the calendar months April 2001 to September 2001 (inclusive); and for the purposes of paragraphs (1) and (3), Section B2.6 shall apply separately in respect of applications made for Monthly Interruptible System Entry Capacity for the calendar months referred to therein.”

Add text in paragraph 8.1 to read as follows:

“B2.8 On each Day in the calendar months October and November 2000, the Available Interruptible Capacity at each Aggregate System Entry Capacity shall be increased by an amount of capacity equal to the Monthly Maximum Interruptible Capacity for the Aggregate System Entry Point for the relevant month.”

Yours sincerely

Julian Majdanski
Modification Panel Secretary