

Service Development

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Director General of Gas Supply,
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Dear Ms Spottiswoode,

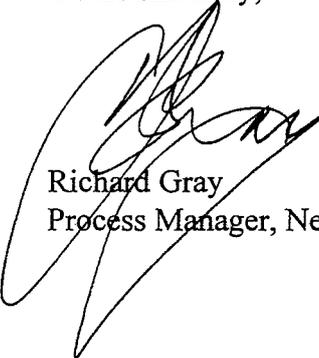
15th April 1996

Re Network Codification Ref 0012

I attach a copy of the above Modification to the Network Code, which was implemented by TransCo at 06:00 on 16th March 1996.

This notice is given in accordance with Condition 7 (8) of the PGT Licence and also in pursuance of the Restrictive Trade Practices Act.

Yours sincerely,



Richard Gray
Process Manager, Network Code

- (i) the Flexibility Bids (whether for System Buy or System Sell) submitted by BGT will be treated as made for a Bid Price equal to the System Average Price in accordance with paragraph (iii);
- (ii) TransCo may accept such Flexibility Bids for any purposes contemplated by the Code;
- (iii) System Average Price, System Marginal Buy Price and System Marginal Sell Price will be determined on the basis in Section F1.2.2 but on the basis that the 30 Days therein referred to are the 30 Days before the Day in the relevant month on which the circumstances in paragraph 4.2.1 first applied.

4.2.5 For the purposes of paragraph 4.2.1:

- (a) relevant Balancing Neutrality Charges are Balancing Neutrality Charges calculated in accordance with Section F4 by reference only to Basic Net Neutrality Amounts (but without prejudice to the inclusion of Adjustment Net Neutrality Amounts for the general purposes of Section F4);
- (b) in determining (for the purposes of calculating relevant Balancing Neutrality Charges) Basic Net Neutrality Amounts in relation to each Day in any month, it will be assumed, until the Day on which initial Entry Allocation Statements are submitted to TransCo pursuant to Section E2.1.2, that Users' UDQIs are determined on the basis in Section E2.1.8.

4.2.6 The aggregate amount of relevant Balancing Neutrality Charges payable to TransCo, less the aggregate amount of relevant Balancing Neutrality Charges payable by TransCo, in respect of Days in aggregate in March 1996 shall not in any event exceed £10 million, and any such amount in excess of £10 million will not be carried forward for recovery by TransCo after March 1996; but for the avoidance of doubt paragraph 4.2.1 shall continue to apply.

5. BALANCING NEUTRALITY CHARGES

5.1 Introduction

5.1.1 In Phase 2 the amount of Balancing Neutrality Charges payable to TransCo in respect of any Day will be capped and any resulting shortfall in the recovery by TransCo of amounts pursuant to Section F4 recovered subsequently, in accordance with this paragraph 5.

5.1.2 For the avoidance of doubt the application of this paragraph 5 will tend to result in positive Balancing Neutrality Financing Adjustments under Section F4.6.

5.2 Capped Balancing Neutrality Charges

5.2.1 Where in respect of any Day (the "**Capped Day**") in Phase 2, in respect of which Balancing Neutrality Charges are payable to TransCo, the Unit Daily Neutrality Amount determined under Section F4.3 exceeds 0.01 pence per kWh:

which on the First Gas Flow Day the User is the Registered User, fails to satisfy the requirement (in accordance with paragraph 7.6.4) in Section G1.6.9.

7.6.2 In relation to any such notification as is referred to in paragraph 7.6.1, Sections G1.6.8(b) and G1.6.10 shall apply as though the User's notification had been made under Section G1.6.8(a) (disregarding sub-paragraphs (i) and (ii) thereof) and on the basis that references to the relevant Gas Year are to the period from the First Gas Flow Day to 30th September 1996.

7.6.3 A notification under paragraph 7.6.1 may only have been given (unless it has otherwise been accepted by TransCo) or be given where the quantity which the User estimates (in accordance with Section G1.6.8(b)(i)) should be the Annual Quantity of the Supply Meter Point differs from the Initial Annual Quantity shown in the relevant Opening Portfolio Statement by not less than:

- (i) where the Initial Annual Quantity of the Supply Point is greater than 732,000 kWh (25,000 therms), 10%;
- (ii) where the Initial Annual Quantity of the Supply Point is greater than 293,000 kWh (10,000 therms) but not greater than 732,000 kWh (25,000 therms), 20%;
- (iii) where the Initial Annual Quantity of the Supply Point is not greater than 293,000 kWh (10,000 therms), 30%.

7.6.4 For the purposes hereof Section G1.6.9 shall be construed on the basis that the period therein referred to is the period of 12 months ending 30th June 1995 and that the reference in that Section to the quantity offtaken shall be treated as being to the quantity which would under seasonal normal conditions have been offtaken.

7.7 Further revision of register

After the date on which TransCo provides Opening Portfolio Statements to Users, TransCo will not revise the Supply Point Register, other than in accordance with the provisions of the Code (including this paragraph 7):

- (i) to show a User as the Registered User of a Supply Meter Point, without the prior consent of that User;
- (ii) to change the Annual Quantity of a Supply Meter Point, without the prior consent of the Registered User.

8. MISCELLANEOUS

Section B

B2.5.3 The relevant multiplier for the purpose of Section B2.5.3 in respect of the period from 16th to 31st March 1996 shall be 5.

B2.2.7 A User who applies to be registered as holding System Entry Capacity at any Aggregate System Entry Point with effect from the First Gas Flow Day may at the time of its application elect that the capacity period should (notwithstanding Section B2.2.7) expire on 30th September 1996.

- (c) the relevant proportion is the proportion determined as the eligible quantity for the relevant User divided by the sum of the eligible quantities for all relevant Users, where the eligible quantity for a relevant User is:
 - (i) the Nomination Quantity under the User's Input Nomination for the relevant System Entry Point at the relevant time, less
 - (ii) the UDQI for the relevant User for the relevant System Entry Point;
- (d) the relevant time shall be the relevant time in accordance with Section I3.7.3(b) (as though that Section applied in the relevant case).

B3.6.3 For overrun days in March and April 1996 the figure 1.5 shall be substituted for the figure 2 in Section B3.6.3.

B4.7.6 For Supply Point Ratchets occurring in March and April 1996 the figure 1 shall be substituted for the figure 2 in Section B4.7.6(i) and (ii).

Section D

D2.4.1 Until 1st September 1996 or (if TransCo so notifies Users with an explanation of the delay in making the required modification to UK Link) 1st March 1997, a Flexibility Bid may not be designated as made under Section D2.4.1(b)(ii).

D4 In respect of the period from 1st to 15th March 1996, TransCo may agree with any User who has made Flexibility Bids for System Buys which TransCo has accepted, that the Bid Price of any such Flexibility Bid (and of any Flexibility Bid for a System Sell which was accepted for the same Day at the same Bid System Point for a quantity not exceeding the accepted quantity under such System Buy) shall be reduced to such amount as TransCo and the User shall so agree; and in such event the reduced Bid Price shall apply for the purposes of determining the Flexibility Charges payable to and by the User and System Marginal Buy Price and System Average Price pursuant to Section F1.2.1 or F1.2.2, and TransCo will notify Users and the Director of the revised values thereof.

Section F

F1.2.3 Where in Phase 1 the System Average Price is to be a price determined by an alternative basis (as described in Section F1.2.3), such price shall be the System Average Price for all purposes of the Code and not only for the purposes of Section F5.

F2.2.2 The Applicable Imbalance Tolerance Percentage in respect of a DM Supply Point Component and a relevant Connected System Exit Point shall be 8% (and not 3%) from the First Gas Flow Day until 30th November 1997.

Section G (Supply Points)

- (ii) with effect from such time, the proportion (applicable to the relevant LDZ Connected System Exit Point) so determined.
- (2) All relevant CSEP Users and TransCo agree to meet, commencing reasonably promptly after the date of the Code, and review together on a mutually agreeable basis (in consultation with relevant Connected System Operators and with the Director) what principles are appropriate to determine CSEP Liability Sharing Proportions.
- (3) In respect of each LDZ Connected System Exit Point to which Section J3.10 applies, the proportion referred to in paragraph (1)(ii) shall be such proportion, or the proportion determined by such mechanism, as following the review under paragraph (2) TransCo shall with Condition 7(4) Approval of the Director determine and notify to the relevant CSEP Users and Connected System Operator.

Section K (Margins)

K3.3 In the period 16th to 31st March 1996 TransCo will utilise Balancing Margins where it would otherwise accept (and instead of accepting) a Flexibility Bid for a System Buy for which the Bid Price exceeds the amount which would be determined as the Top-up Bid Price under Section P5.3 in respect of the System Entry Point of the Rough Facility if the value of 'N' in that Section were 1.5.

K5.5 For the purposes of Section K5.5, in relation the Storage Year 1995/6, the Closing Margins Adjustment Charge shall be calculated by reference to relevant UDQIs and relevant UDQOs of relevant Users for Days in the month preceding that in which such charge is calculated.

Section L (Maintenance planning)

- L1.5 For the purposes of establishing the April Maintenance Programme for the period commencing 1st April 1996:
- (a) the requirement under Section L2.1 will not apply;
 - (b) for the purposes of Section L3.3.1(i):
 - (i) TransCo will prepare a draft Maintenance Programme on the basis of its own estimates and information available to it before the First Gas Flow Day, and
 - (ii) the date in Section L1.5(a)(i) shall be deemed to be 1st March and not 30th November;
 - (c) Users may provide information in accordance with Section L3.3.2(i) until 15th March 1996;
 - (d) there will be no Annual Maintenance Meeting, and TransCo will prepare such Maintenance Programme on the basis of the draft referred to in