

26/08/2008

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0216**

“Introduction of an Additional Discretionary Release Mechanism for NTS Entry Capacity”

Please note that Modification Proposal No 0216 will be implemented with effect from 12:00 noon on 26/08/2008. The Final Modification Report, Version 3.0, was signed by Ofgem on 22/08/2008.

The new Code text resulting from this Modification follows:

Modified Text:

UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT

Section B – System Use and Capacity

Amend paragraph 2.1.2 to read as follows:

“2.1.2 Users may apply for and be registered as holding NTS Entry Capacity:

- (a)
- (b)
- (c)
- (d) paragraph 2.5; and
- (e) as Quarterly, Monthly, Daily or Daily Interruptible NTS Entry Capacity (as the case may be) pursuant to an invitation in accordance with paragraph 2.1.14.”

Insert the following as a new paragraph 2.1.14:

“2.1.14 Discretionary NTS Entry Capacity

- (a) In addition to the other methods set out in Section B2.1.2 by which NTS Entry Capacity may be made available to Users, National Grid NTS shall be entitled to invite applications for NTS Entry Capacity to Users by such means as National Grid NTS may determine in its sole discretion. The timing of any such invitation, the quantities of NTS Entry Capacity included in such invitation (“Discretionary NTS Entry Capacity”), and the terms which shall apply to the offering of, application for, allocation of and use of such Discretionary NTS Entry Capacity shall also be determined by National Grid NTS in its sole discretion.

- (b) Any Discretionary NTS Entry Capacity included in any invitation made by National Grid NTS pursuant to the provisions of paragraph (a) shall:
 - (i) be subject to the application of a reserve price, which shall be equal to the prevailing reserve price last published pursuant to paragraph 2.2.1(a) (for each Aggregate System Entry Point at which Discretionary NTS Entry Capacity is offered); and
 - (ii) be available for a period of no more than one Capacity Year, such period being specified in the relevant invitation; and
 - (iii) be subject to the provisions of UNC Section V3.
- (c) Each User shall pay Capacity Charges for any Discretionary NTS Entry Capacity allocated to it, and such Capacity Charge shall be determined as the quantity of NTS Entry Capacity allocated multiplied by the bid price tendered multiplied by the relevant period for which such Discretionary NTS Entry Capacity has been allocated.
- (d) For the avoidance of doubt, any Discretionary NTS Entry Capacity allocated to a User pursuant to this paragraph 2.1.14 shall be included in the User's aggregate Available NTS Entry Capacity.
- (e) The bid prices offered by Users for Discretionary NTS System Entry Capacity shall be considered in the determination of System Entry Overrun Charge rates at the relevant Aggregate System Entry Point.
- (f) National Grid NTS will no later than
 - (i) two (2) Business Days prior to the first day of the period to which the invitation relates, inform each User of those of its capacity bids that have been accepted, the amount of Discretionary NTS Entry Capacity which it is registered as holding for the relevant Aggregate System Entry Point and the period for which the Discretionary NTS Entry Capacity has been allocated); and
 - (ii) one (1) Business Day prior to the first day of the period to which the invitation relates, National Grid NTS will provide information to all Users with the information referred to in paragraph 2.14.2 in relation to Discretionary NTS System Entry Capacity.”

Amend paragraph 2.14.2 to read as follows:

“2.14.2 Following each allocation pursuant to paragraphs 2.1.14, 2.2, 2.4 and 2.5 National Grid NTS will, in accordance with paragraphs 2.1.14(f), 2.6.7 and 2.7.7 and in respect of each Aggregate System Entry Point and relevant long term period or (as the case may be) relevant short term period, notify Users of:

- (a)
- (b) except in relation to an allocation of NTS Entry Capacity pursuant to paragraph 2.1.14, the relevant step price group;
- (c)
- (d)
- (e)
- (f)
- (g); and

(h)

Yours sincerely,

John Bradley
Modification Panel Secretary