

24/10/2002

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0587**

"Prospective publication of further forward and option entry capacity information "

Please note that Modification Proposal No 0587 will be implemented with effect from 06:00 hours on 25/10/2002. The Final Modification Report, Version 2.0, was signed by Ofgem on 24/10/2002.

The new Network Code text resulting from this Modification follows.

**Modified Text:**

**SECTION B**

Insert a new paragraph 2.8.8 as follows:

“For the purposes of paragraph 2.8.9 below, the following words shall have the following meanings:

“**Forward Agreement**” means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User surrenders Firm System Entry Capacity to Transco over a forward period of days (but, for the avoidance of doubt, shall not include an agreement made pursuant to the provisions of paragraph 2.10);

“**Option Agreement**” means a Capacity Management Agreement (entered into following the issue of a Tender Invitation Notice) pursuant to which a User grants an option to Transco upon the exercise of which Transco may accept the surrender of Firm System Entry Capacity (but, for the avoidance of doubt, shall not include an

agreement made pursuant to the provisions of paragraph 2.10); and

“**Tender Invitation Notice**” means a notice issued by Transco inviting Users to submit a tender offer for a Forward Agreement or an Option Agreement (as the case may be).”

Insert a new paragraph 2.8.9 as follows:

- “(a) Where, in respect of an Aggregate System Entry Point and a specific forward delivery period, Transco enters into Forward Agreements with Users after the date of implementation of the modification proposal giving effect to this paragraph 2.8.9, it shall publish on the Business Day following that on which it enters into such Forward Agreements and in respect of each Gas Flow Day in the relevant forward delivery period:
- (i) the volume weighted average price in respect of all valid offers received by Transco for the surrender of Firm System Entry Capacity pursuant to the Tender Invitation Notice for such Forward Agreements;
  - (ii) the aggregate quantity of Firm System Entry Capacity for which valid offers to surrender were received by Transco pursuant to the Tender Invitation Notice for such Forward Agreements;
  - (iii) the minimum price offered by Users in valid offers for the surrender of Firm System Entry Capacity pursuant to the Tender Invitation Notice for such Forward Agreements;
  - (iv) the maximum price offered by Users in valid offers for the surrender of Firm System Entry Capacity pursuant to the Tender Invitation Notice for such Forward Agreements;
  - (v) in respect of such Forward Agreements, the volume weighted average price for

the surrender of Firm System Entry Capacity pursuant to such agreements;

- (vi) in respect of such Forward Agreements, the aggregate quantity of Firm System Entry Capacity that was surrendered pursuant to such agreements;
  - (vii) in respect of such Forward Agreements, the minimum price paid for the surrender of Firm System Entry Capacity pursuant to such agreements; and
  - (viii) in respect of such Forward Agreements, the maximum price paid for the surrender of Firm System Entry Capacity pursuant to such agreements.
- (b) Where, in respect of an Aggregate System Entry Point and a specific option exercise period, Transco enters into Option Agreements with Users after the date of implementation of the modification proposal giving effect to this paragraph 2.8.9, it shall publish on the Business Day following that on which it enters into such Option Agreements:
- (i) the volume weighted average strike price in respect of all valid offers received by Transco for the surrender of Firm System Entry Capacity pursuant to the Tender Invitation Notice for such Option Agreements;
  - (ii) the aggregate quantity of Firm System Entry Capacity for which valid offers to surrender were received by Transco pursuant to the Tender Invitation Notice for such Option Agreements;
  - (iii) the minimum strike price offered by Users in valid offers for the surrender of Firm System Entry Capacity pursuant to the Tender Invitation Notice for such Option Agreements;
  - (iv) the maximum strike price offered by Users in valid offers for the surrender of Firm System Entry Capacity pursuant to the Tender Invitation Notice for such Option Agreements;

- (v) in respect of such Option Agreements, the volume weighted average strike price for the Firm System Entry Capacity available for surrender pursuant to such agreements;
  - (vi) in respect of such Option Agreements, the aggregate quantity of Firm System Entry Capacity that is available for surrender by Users pursuant to such agreements;
  - (vii) in respect of such Option Agreements, the minimum strike price for the surrender of Firm System Entry Capacity pursuant to such agreements; and
  - (viii) in respect of such Option Agreements, the maximum strike price for the surrender of Firm System Entry Capacity pursuant to such agreements.
- (c) Where, after the date of implementation of the modification proposal giving effect to this paragraph 2.8.9, Transco, whether in whole or in part, exercises its right to accept the surrender of Firm System Entry Capacity in respect of any specific Gas Flow Day and specific Aggregate System Entry Point pursuant to an Option Agreement or Option Agreements, it shall publish on the first Business Day following that specific Gas Flow Day:
- (i) the aggregate quantity of Firm System Entry Capacity surrendered to Transco in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise; and
  - (ii) the volume weighted average strike price in respect of the Firm System Entry Capacity surrendered to Transco in respect of that Gas Flow Day and Aggregate System Entry Point pursuant to such exercise.”

## **TRANSITION DOCUMENT PART II**

Insert a new paragraph 8.1.4 as follows:

- “B2.8.9 For the purposes of Section B2.8.9 and notwithstanding the provisions thereof, there shall be no obligation on Transco to provide any information which shall or may be in breach of any of the confidentiality provisions of a Forward Agreement or an Option Agreement entered into on or prior to 23 October 2002.

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary