

27/02/2004

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0647**

"Transitional Arrangements to facilitate the change of status of the Isle of Grain Storage Facility
to a LNG Importation Terminal"

Please note that Modification Proposal No 0647 was implemented with effect from 06:00 hours on 27/02/2004. The Final Modification Report, Version 1.0, was signed by Ofgem on 26/02/2004.

The new Network Code text resulting from this Modification follows.

Modified Text:

With effect from 0600 hours on 1 May 2004, amend the Network Code as follows:-

Amend paragraph 1.7.1(b) of Section R to read:-

“(b) “**Transco LNG Storage Facilities**” means the LNG Facilities which are from time to time operated by Transco and are located at Glenmavis, Partington, Dynevor Arms and Avonmouth.”

Amend paragraph 4.1.1 of Section R to read:-

“4.1.1 The Storage Facilities for which Transco LNG Storage is the Storage Operator at Dynevor Arms and Avonmouth are each a “**Constrained Storage Facility**” in relation to a Storage Year for the purposes of this paragraph 4.”

Add the following new paragraphs 8.14.11, 8.14.12, 8.14.13, 8.14.14, 8.17.9 and 8.17.10 to Part II of the Transitional Document:-

“8.14.11 R1.4 In respect of the LNG Facility which is from time to time operated by Transco and is located at Isle of Grain (the “**Transco LNG Isle of Grain Storage Facility**”), the Storage Year 2004/5 shall be the period from 1 May 2004 until the earlier of:-

- (a) 30 April 2005; or
 - (b) the effective date determined in accordance with paragraph 8.14.14 below.
- 8.14.12 R1.7.1 For the duration of Storage Year 2004/5 relating to the Transco LNG Isle of Grain Storage Facility, the Transco LNG Isle of Grain Storage Facility shall be a “Transco LNG Storage Facility”.
- 8.14.13 R4.1.1 For the duration of Storage Year 2004/5 relating to the Transco LNG Isle of Grain Storage Facility, the Transco LNG Isle of Grain Storage Facility shall be a “Constrained Storage Facility”.
- 8.14.14 R For the purposes of paragraphs 8.14.12 and 8.14.13, the effective date shall be a date not earlier than the date notified by Transco LNG Storage for these purposes in the Annual Storage Invitation issued by Transco LNG Storage pursuant to Section Z in respect of Storage Year 2004/5, and shall be 0600 hours on a date falling between 1 January 2005 and 1 June 2005 (the “**First Window Period**”) and established by Transco LNG Storage in accordance with the following procedure:-
 - (a) Transco LNG Storage shall give at least 180 days notice, before the commencement of the First Window Period, of a 100 day period falling within the First Window Period (the “**Second Window Period**”) during which the effective date shall fall; and
 - (b) Transco LNG Storage shall give at least 90 days notice, before the commencement of the Second Window Period, of a 45 day period falling within the Second Window Period (the “**Third Window Period**”) during which the effective date shall fall; and
 - (c) Transco LNG Storage shall give at least 30 days notice, before the commencement of the Third Window Period, of the day falling within the Third Window Period, which shall be the effective date.

If Transco LNG Storage does not so notify any such period or day, the relevant period or day shall be the latest day or period possible in accordance with the foregoing.

- 8.17.9 Z For the duration of Storage Year 2004/5 relating to the Transco LNG Isle of Grain Storage Facility, the provisions of Section Z shall (subject to the provisions of paragraph 8.17.10) apply to the Transco LNG Isle of Grain Storage Facility.

8.17.10 Z The following provisions of Section Z shall be amended as follows in respect only of the Transco LNG Isle of Grain Storage Facility for the purposes of paragraph 8.17.9:-

- (a) paragraph 3.1.1 shall only apply to the Transco LNG Isle of Grain Storage Facility for the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility. For the avoidance of doubt, in the event that the effective date determined in accordance with paragraph 8.14.14 of Part II of the Transition Document has not occurred before 1 March 2005, paragraph 3.1 shall not apply in respect of the Transco LNG Isle of Grain Storage Facility for any period after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility;
- (b) paragraph 3.1.3(j) shall not apply in respect of the Transco LNG Isle of Grain Storage Facility; and;
- (c) paragraph 3.2.1(d) shall be deemed to read, “where the Annual Storage Invitation was made under paragraph 3.1.2(b) and the application is made pursuant to that invitation, the rates for the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility;”;
- (d) paragraph 3.5.3 shall be deemed to read, “In this paragraph 3.5 “**price**” means the rates (for the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility) of the Storage Space Charge and/or Storage Deliverability Charge tendered by a User in its application in accordance with paragraph 3.2.1(d).”;
- (e) paragraph 3.6 shall be amended to read:-

“3.6 Each User shall use reasonable endeavours to ensure that either:-

- (a) it has no gas-in-storage in the Transco LNG Isle of Grain Storage Facility as at the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility; or
- (b) it has made arrangements with the person taking over operation of the Transco LNG Isle of Grain Storage Facility after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility (and those arrangements have been confirmed by such person to Transco LNG

Storage), pursuant to which such person agrees that the User's gas-in-storage may remain in the facility after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility.

In the event that the User fails to comply with paragraph (a) or (b) above, then the provisions of paragraph 6.4 shall apply.”;

(f) paragraph 6.4.1 shall be amended to read:-

“6.4.1 Subject to paragraphs 6.4.3 and 6.4.6, where:-

- (a) on any Day during the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, a User becomes liable to pay a Storage Overrun Charge in accordance with paragraph 7.1.1; or
- (b) a User has gas-in-storage at the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, and has not made arrangements (as set out in paragraph 3.6(b)) with the person taking over operation of the Transco LNG Isle of Grain Storage Facility after the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility;

the User shall be deemed to have made a Storage Withdrawal Nomination (and accordingly shall withdraw gas), for each of the 5 consecutive Days (Days 1 to 5) following such Day, for a Storage Nomination Quantity determined as 1/n times the amount of the User's Excess Gas-in-Storage.”

(g) paragraph 6.4.2(b) shall be amended to read:-

“(b) the User's “**Excess Gas in Storage**” on any of Days 1 to 5 is:-

- (i) for any Day during the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, the amount by which the User's gas-in-storage, less the Permitted Uncovered Amount (under paragraph 3.6.2), exceeds its Available Storage Space, on that Day; and

- (ii) for any Day after the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility, the amount of gas-in-storage of the User at the end of the Storage Year 2004/5 in respect of the Transco LNG Isle of Grain Storage Facility less any amounts withdrawn by the User on subsequent Days (whether or not such withdrawal is made pursuant to this paragraph 6.4).”

Yours sincerely,

Julian Majdanski
Modification Panel Secretary