

16/12/2003

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0651**

"Increase the number of rounds in the Annual auctions for MSEC "

Please note that Modification Proposal No 0651 will be implemented with effect from 06:00 hours on 17/12/2003. The Final Modification Report, Version 1.0, was signed by Ofgem on 16/12/2003.

The new Network Code text resulting from this Modification follows.

Modified Text:

SECTION B: SYSTEM USE AND CAPACITY

Amend paragraph 2.2.3 to read as follows:

“2.2.3 Transco’s annual invitation under paragraph 2.2.2 will specify:

(a) the dates (on which applications pursuant to the annual invitation may be made), which for the purposes of:

(i) paragraph 2.2.2(a), shall be four dates (each of which shall be a Business Day) on which applications pursuant to such annual invitation may be made; the period between each such date shall not be less than two Business Days; and

(ii) ...;

(each such date an “**annual**” invitation date);

(b) for each Aggregate System Entry Point, and in respect of each of Capacity Year +1 to Capacity Year +16 (inclusive), the Available System Entry Capacity (and, in respect of Capacity Year +1 and Capacity Year +2, the Available Monthly Capacity as referred to in paragraph (e) below) and the reserve price for Unsold System Entry Capacity (in accordance with the Transportation Statement) (the “**reserve price**”);

(c) ...;

(d) ...; and

(e) for each Aggregate System Entry Point and in respect of Capacity Year +1 and Capacity Year +2, the Available Monthly Capacity for the relevant calendar month on the relevant annual invitation date. The “**Available Monthly Capacity**” for a calendar month shall mean, in respect of the first three annual invitation dates, an amount equal to 25% of the amount of the Available System Entry Capacity for that calendar month (as determined immediately prior to the first such annual invitation date); and in respect of the fourth annual invitation date shall mean an amount equal to the Available System Entry Capacity for that calendar month (again as determined immediately prior to the first such annual invitation date) less the amount of System Entry Capacity allocated in aggregate pursuant to the first three annual invitation dates for that calendar month.”

Amend paragraph 2.2.8(a) to read as follows:

“(a) in aggregate in respect of all annual invitation dates, up to but not more . . .”

Amend paragraph 2.2.9(b)(i) to read as follows:

“(i) where such bid is a monthly capacity bid, on the relevant invitation date;”

Amend paragraph 2.2.13(a) to read as follows:

“(a) the aggregate System Entry Capacity Charges payable by the User were all the ...”

Amend paragraph 2.2.13(b) to read as follows:

“(b) the User’s Relevant Code Indebtedness at 17:00 hours on any Business Day ...”

Amend paragraph 2.7.2(a) to read as follows:

“(a) all capacity bids submitted in respect of the relevant short term period (excluding any bid rejected pursuant to paragraphs 2.2.11, 2.3.6, 2.4.6 or 2.5.6) will be ranked in order of bid price (the highest price ranking first) save that in the case of monthly capacity bids made pursuant to paragraph 2.2.4 the ranking will be made in respect of each relevant annual invitation date;”

Amend paragraph 2.7.2(b)(i) to read as follows:

“(i) in the case of monthly capacity bids made pursuant to paragraph 2.2.4, the Available Monthly Capacity for the relevant annual invitation date for the calendar month;”

Amend paragraph 2.7.7 to read as follows:

“2.7.7 Transco will:

(a) in respect of Monthly System Entry Capacity allocated in respect of Capacity Year +1 not later than one month following the final date on which applications for Monthly System Entry Capacity could be made ...;

(b) in respect of Monthly System Entry Capacity allocated in respect of Capacity Year +2 not later than two months following the final date on which applications for Monthly System Entry Capacity could be made ...;

....”

Yours sincerely,

Julian Majdanski
Modification Panel Secretary