

25/02/2005

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0744**

"Allocation of Incremental System Entry Capacity at System Entry Points with
Descending Price Schedules"

Please note that Modification Proposal No 0744 will be implemented with effect from 06:00 hours on 26/02/2005. The Final Modification Report, Version 2.0, was signed by Ofgem on 25/02/2005.

The new Network Code text resulting from this Modification follows.

Modified Text:

Section B

Amend paragraph 2.2.10 to read as follows:

"2.2.10 Where in relation to the incremental amounts of Quarterly System Entry Capacity specified in an annual invitation the step prices specified:

- (a);
- (b) decrease as the incremental amount itself increases, Users may only submit a second or further Quarterly capacity bid where the ~~step~~ price applied for is less than that applying to any other bid, if the amount of Quarterly System Entry Capacity applied for in such bid is no less than that applied for under any earlier bid."

Amend paragraph 2.2.11 to read as follows:

"2.2.11 Transco shall reject a capacity bid submitted on an annual invitation date where:

- ~~(a) — the bid price is less than the reserve price or is not a step price;~~
 - ~~(a)~~ (b) the requirement in paragraph 2.2.10 is not complied with;
 - ~~(b)~~ (c) any ~~other~~ requirement of paragraphs 2.2.6 or 2.2.7 is not complied with,
- and Transco may reject a capacity bid in accordance with Section V3."

Amend paragraph 2.6.5(b)(iii) to read as follows:

- “(iii) where paragraph (i) above is not applicable and paragraph 2.2.10(b) applies, the step price group or those bids at the reserve price (as the case may be), when considering the ~~incremental quantities~~ step prices and the reserve price specified in the annual invitation in ~~ascending~~ descending order, in respect of which the step price group quantity or the Reserve Price Bid Amount is last equal to or less than the Actual Available System Entry Capacity.”

Yours sincerely,

Julian Majdanski
Modification Panel Secretary