

This note was circulated at the request of National Grid Distribution on 20 February 2007.

**Modifications 0094 'Reconciliation following AQ Amendment, SSP becoming LSP with change of <20% or 15,000kWh' and 0095 'Reconciliation following AQ Amendment, SSP becoming LSP following change of Registered User'**

Dear Colleague,

As you will be aware, Ofgem issued direction to implement UNC Modifications; 0094 'Reconciliation following AQ Amendment, SSP becoming LSP with change of <20% or 15,000kWh' and 0095 'Reconciliation following AQ Amendment, SSP becoming LSP following change of Registered User' on 30<sup>th</sup> October 2006. Whilst the Modifications were implemented on 3<sup>rd</sup> November 2006, the 'applicability' of such was the subject of discussion at the UNC Distribution Workstream held on 25<sup>th</sup> January 2007. Views in respect of this were subsequently invited with a close out date for comments of 16<sup>th</sup> February 2007.

In consideration of the opinions received and the Notice of Implementation issued by the Joint Office of Gas Transporters on 1<sup>st</sup> November 2006, Transporters have concluded that the End of Year Reconciliation performed following the 2006 AQ Review (scheduled to be issued in March 2007) must be conducted in accordance with the UNC provisions that are 'live' at that point in time. Therefore given that Modifications 0094 and 0095 were implemented with effect from 3<sup>rd</sup> November 2006, the impending End of Year Reconciliation will be performed in accordance with the UNC terms as amended by Modifications 0094 and 0095 and will apply to the 2005/6 gas year.

We note that this application is consistent with the implementation of Network Code Modification 0640 (which introduced the End of Year Reconciliation) implemented in June 2004. The End of Year Reconciliation was first applied following the 2004 AQ Review where new AQs were calculated from data originating from pre June 2004.

For the implementation to be delayed, as preferred by some respondents, we believe would have required a new Modification Proposal to be raised to either change the implementation date or introduce new procedures. Given that no transitional provisions were included in the legal text for either Modification, implementation is required with immediate effect.

We would like to take this opportunity to thank all of those parties who responded to our invitation for comments.

Regards,

Large Transporters.

Regards

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