

13/07/2005

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0009(0733)**

"Facilitation of Substitutability Between Capacity and Locational Energy Actions"

Please note that Modification Proposal No 0009(0733) will be implemented with effect from 06:00 hours on 14/07/2005. The Final Modification Report, Version 3.0, was signed by Ofgem on 12/07/2005.

The new Code text resulting from this Modification follows.

**Modified Text:**

**Section B**

*Amend paragraph 2.9.2 to read as follows:-*

"Where at any time after 15:00 hours on the Preceding Day Transco determines:

- (a) in relation to any Aggregate System Entry Point that there is or will be an Entry Capability Shortfall; or
- (b) that there is or will be a Transportation Constraint or a Localised Transportation Deficit which Transco believes may be avoided or remedied by the curtailment of Interruptible System Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Points are affected by the Transportation Constraint or Localised Transportation Deficit);

the Interruptible System Entry Capacity held by Users at that Aggregate System Entry Point ~~will~~ may be curtailed subject to and in accordance with the System Management Principles and the further provisions of this paragraph 2.9."

*Amend paragraph 2.10.7 to read as follows:-*

"For each Day (or part of each such Day) in respect of each Aggregate System Entry Point, where Transco determines that:

- (a) there is a Firm Capacity Shortfall at one or more Aggregate System Entry Points; or
- (b) there is or will be a Transportation Constraint or a Localised Transportation Deficit which Transco believes may be avoided or remedied by the surrender of Firm System Entry Capacity held by Users at one or more Aggregate System Entry Points (whether or not those Aggregate System Entry Point are affected by the Transportation Constraint or Localised Transportation Deficit);

Transco ~~will~~ may initiate, not earlier than 13:00 hours on the Preceding Day, a capacity selection period.”

*Amend paragraph 2.10.12(a) to read as follows:-*

“the **“available surrender rate”** in relation to an Aggregate System Entry Point is the rate (in kWh/hour) calculated as an amount of Firm System Entry Capacity (equal, as appropriate, to the Firm Capacity Shortfall or to the amount of Firm System Entry Capacity Transco believes requires to be surrendered to avoid or remedy the relevant Transportation Constraint or Localised Transportation Deficit), divided by the number of hours remaining in the Day following the capacity selection effective time;”

#### **Section D**

*Amend paragraph 1.5.1 to read as follows:-*

“Where after 24:00 hours on the Preceding Day it appears to Transco that a Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall is likely to arise or has arisen, Transco ~~will~~ may take (at such times as it judges operationally appropriate) Market Balancing Buy Action(s) and/or Market Balancing Sell Action(s) as required at relevant System Point(s) with a view to gas flow rates at such System Points being increased or (as the case may be) decreased so as to avoid or remedy the Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall.”

*Amend paragraph 1.5.2 to read as follows:-*

“In paragraph 1.3 references to Operational Balancing shall be construed as including the taking of Market Balancing Buy Actions or Market Balancing Sell Actions by Transco under paragraph 1.5.1 ~~in respect of a Localised Transportation Deficit or anticipated Localised Transportation Deficit and Market Balancing Sell Actions or Market Balancing Buy Actions~~ taken as a consequence with a view to maintaining an Operational Balance and references to Operational Balancing Steps and Operational Balancing Requirements will be construed accordingly.”

#### **Section F**

*Amend paragraph 1.2.3 to read as follows:-*

“For the purposes of paragraph 1.2.1(a), (b) and (c) ~~Primary Excluded Actions and Secondary Excluded~~ Locational Actions will be excluded in determining the System Marginal Sell Price, System Marginal Buy Price and the System Average Price.”

*Amend paragraph 1.2.4 to read as follows:-*

“For the purposes of paragraph 1.2.3, :

- (a) an **“Primary Excluded Locational Action”** is a Market Balancing Buy Action or a Market Balancing Sell Action taken pursuant to Section D1.5 for the purposes of increasing or decreasing gas flows at a System Point for the purposes of avoiding or remedying a Localised Transportation Deficit, Transportation Constraint, Entry Capability Shortfall or Firm Capacity Shortfall.;
- (b) ~~“Secondary Excluded Actions” are the Market Balancing Sell Actions which are excluded, in relation to any Relevant Primary Excluded Actions, in accordance with the following rules, which shall be applied in the chronological order in which Relevant Primary Excluded Actions were accepted:~~

- ~~(i) all Relevant Sell Actions shall be ranked in order of Market Offer Price (the lowest ranked first, and bids of equal Market Offer Price ranked in chronological order of acceptance);~~
- ~~(ii) such Relevant Sell Actions shall be excluded (in the order ranked) until:
  - ~~(1) the aggregate of the Market Balancing Action Quantities under the actions so excluded is equal to or first exceeds the Market Balancing Action Quantity(ies) under the Relevant Primary Excluded Actions (the amount of any such excess, the “**relevant deficit excess**”), or~~
  - ~~(2) all such Relevant Sell Actions have been excluded, if the aggregate of the Market Balancing Action Quantities thereunder does not exceed the Market Balancing Action Quantity(ies) under the Relevant Primary Excluded Actions;~~~~
- ~~(iii) where there is a relevant deficit excess, the last Relevant Sell Action to be excluded under paragraph (ii)(1) shall be deemed, for the purposes of the further application of this paragraph 1.2.4, to be two Relevant Sell Actions, one (which shall not be treated as so excluded) for an Eligible Balancing Action Quantity equal to the relevant shortfall excess, and one (which shall be treated as so excluded) for a Market Balancing Action Quantity equal to the balance of the whole Market Balancing Action Quantity;~~
- ~~(iv) for the purposes of this paragraph (b), in relation to any Relevant Primary Excluded Actions, a “**Relevant Sell Action**” is a Market Balancing Sell Action which:
  - ~~(1) was taken by Transco pursuant to a Market Transaction other than a Locational Market Transaction effected in respect of the System Point in respect of which the Primary Excluded Action was taken;~~
  - ~~(2) was taken during the period commencing with the taking of the Relevant Primary Excluded Actions and expiring on the expiry of the first full hour (ending on the hour) to expire thereafter, and~~
  - ~~(3) was not excluded pursuant to paragraph (b) in relation to any earlier accepted Relevant Excluded Primary Actions;~~~~
- ~~(c) “**Relevant Primary Excluded Actions**” means one Primary Excluded Action or several Primary Excluded Actions which were accepted at the same time;~~
- ~~(d) “**Excluded Balancing Actions**” are Primary Excluded Actions and Secondary Excluded Actions.”~~

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary