

29/08/2003

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0632**

"Revise INS Charge to Zero"

Please note that Modification Proposal No 0632 will be implemented with effect from 06:00 hours on 01/10/2003. The Final Modification Report, Version 2.0, was signed by Ofgem on 29/08/2003.

The new Network Code text resulting from this Modification follows.

Modified Text:

SECTION E - AMEND PARAGRAPH 5.3.8(b) AS FOLLOWS:

5.3.8 (b) the "Incentivised Nomination Price" is in respect of a relevant Day, the price (in pence/kWh) calculated as follows:

- (i) where the User's Daily Imbalance is positive for the relevant Day:

$$\text{INP} = \text{PSFS} \times (\text{SAP} - \text{SMSP})$$

- (ii) where the User's Daily Imbalance is negative for the relevant Day:

$$\text{INP} = \text{PSFB} \times (\text{SMBP} - \text{SAP})$$

Where:

INP

is the Incentivised Nomination Price for the relevant Day;

PSFS

is the Sell Price Scaling Factor for the relevant Day;

PSFB

is the Buy Price Scaling Factor for the relevant Day;

SAP

is the System Average Price for the relevant Day;

SMBP

is the System Marginal Buy Price for the relevant Day;

SMSP

is the System Marginal Sell Price for the relevant Day, and

- (iii) **the Sell Price Scaling Factor for the relevant Day is zero; and**

the Buy Price Scaling Factor for the relevant Day is zero; and

Yours sincerely,

Julian Majdanski
Modification Panel Secretary