

08/11/2001

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0467**

"Suspension of the Neutrality and Compensation Value Audit"

Please note that Modification Proposal No 0467 was implemented with effect from 06:00 hours on 09/11/2001. The Final Modification Report, Version 3.0, was signed by Ofgem on 08/11/2001.

The new Network Code text resulting from this Modification follows.

Modified Text:

Section V:

Paragraph 12.1.1

Amend to read:-

12.1.1 Transco will, subject to paragraphs 12.1.3 and 12.1.4, appoint

Paragraph 12.1.3

Add the following new paragraph:-

12.1.3 A Neutrality Auditor may not be appointed for a relevant period:-

- (a) where Transco proposes after consultation with the Network Code Committee or any relevant Sub-committee and where the Authority (upon Transco's application) gives Condition 9(3) Approval that such Neutrality Auditor not be appointed; or
- (b) where:-
 - (i) pursuant to this paragraph 12.1.3 a Neutrality Auditor was not appointed for the immediately prior relevant period; and
 - (ii) Transco reasonably determines that such Neutrality Auditor should not be appointed after consultation with the Network

Code Committee or any relevant Sub-committee, unless (upon the application of Transco or any User made within 10 Business Days after Transco notified to Users the decision of the Committee or Sub-committee) the Authority in any case shall give Condition 9(3) Disapproval.

Paragraph 12.1.4

Add the following new paragraph:-

12.1.4. In the event that a Neutrality Auditor is appointed for a relevant period following relevant period(s) where (pursuant to paragraph 12.1.3) the Neutrality Auditor was not appointed, he may not review any prior relevant period unless expressly instructed by the Network Code Committee in accordance with paragraph 12.2.1.

Paragraph 13.8.1

Amend to read:-

13.8.1 Transco will, subject to paragraphs 13.8.3 and 13.8.4, appoint

Paragraph 13.8.3

Add the following new paragraph:-

13.8.3 A Compensation Value Auditor may not be appointed for a relevant period:-

- (a) where Transco proposes after consultation with the Network Code Committee or any relevant Sub-committee and where the Authority (upon Transco's application) gives Condition 9(3) Approval that such Compensation Value Auditor not be appointed; or
- (b) where:-
 - (i) pursuant to this paragraph 13.8.3 a Compensation Value Auditor was not appointed for the immediately prior relevant period; and
 - (ii) Transco reasonably determines that such Compensation Value Auditor should not be appointed after consultation with the Network Code Committee or any relevant Sub-committee, unless (upon the application of Transco or any User made within 10 Business Days after Transco notified to Users the

decision of the Committee or Sub-committee) the Authority in any case shall give Condition 9(3) Disapproval.

Paragraph 13.8.4

Add the following new paragraph:-

13.8.4. In the event that a Compensation Value Auditor is appointed for a relevant period following relevant period(s) where (pursuant to paragraph 12.1.3) the Compensation Value Auditor was not appointed, he may not review any prior relevant period unless expressly instructed by the Network Code Committee in accordance with paragraph 13.9.1.

Section W:

Paragraph 1. DEFINED TERMS.

Insert new definition:-

"Authority": the Gas and Electricity Markets Authority as established pursuant to section 1 of the Utilities Act 2000.

Yours sincerely,

Julian Majdanski
Modification Panel Secretary