

**Final Modification Report**  
**Modification Reference Number - 0023**  
**VLDMC Imbalance Tolerances**

This modification report is made pursuant to Rule 7.4 of the Modification Rules and follows the format required under Rule 8.12.4.

**1. The Modification Proposal:**

To confirm that the Applicable Imbalance Tolerance percentage for VLDMC Supply Points is 3% from 1st September 1996.

**2. Text provided pursuant to Rule 7.2.2(c)(ii):**

Code text as follows:

**Transition Document**

Part II, paragraph 8, section F.

In F2.2.2, insert after "DM Supply Point Component" the following: "(other than a VLDMC Supply Point Component)".

**3. TransCo's opinion:**

The drafting does not currently reflect the industry agreed parameter at the Network Code Panel session, 25th October 1995.

This modification corrects the anomaly.

**4. Extent to which the modification would better facilitate the relevant objectives:**

This modification addresses a Code anomaly by setting VLDMC Supply Point imbalance tolerances at 3% from 1 September 1996 to 30 November 1997.

**5. The implications for TransCo of implementing the Modification Proposal, including:**

**a) implications for the operation of System and any BG Storage Facility:**

None

**b) development and capital cost and operating cost implications**

None

c) extent to which it is appropriate for TransCo to recover the costs, and proposal for the most appropriate way for TransCo to recover the costs;

It is not TransCo's intention to recover any costs that are incurred with respect to this modification.

d) analysis of the consequences (if any) this proposal would have on price regulation;

TransCo is not aware of any impacts on price regulation.

6. The consequence of implementing the Modification Proposal on the level of contractual risk to TransCo under the Network Code as modified by the Modification Proposal;

This modification will not alter the expected level of contractual risk to TransCo under the Network Code.

7. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

TransCo systems are already being developed to fulfil this requirement..

8. The implications of implementing the modification for Relevant Shippers

This modification corrects a Code anomaly in accordance with the 3% agreed level of Imbalance Tolerance for VLDMC Supply Points.

9. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party;

Power Stations operation will be subject to the agreed imbalance tolerance of 3%.

10. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal;

TransCo has not been informed of any consequences of the legislation and regulatory obligations and contractual relationships of implementing this proposed modification.

11. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal;

This modification addresses an anomaly within the Code and confirms VLDMC Imbalance Tolerances at 3%.

12. Summary of the representations (to the extent that the importance of those representations are not reflected elsewhere in the modification report:

The Modification Panel of the 23rd May 1996, fully supported this modification. TransCo will raise a proposed timetable to review all imbalance tolerances and circulate for views.

The EIUG have expressed concern based on the difficulty of controlling offtakes within such limits.

A further representation was received from BGT dated 21st June 1996. BGT expressed further strong support for this Modification conditioned upon TransCo's bringing forward a Review Proposal to the Modification Panel. TransCo can confirm that a Review Proposal will be presented to the Modification Panel meeting on the 18th July 1996.

13. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

This modification is not required to facilitate compliance with safety or other legislation.

14. Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement; furnished by TransCo under Standard Condition 3(1) of the Licence:

The modification is not required to comply with the above clause.

15. Programme of works required as a consequence of the implementation of the Modification Proposal:

The functionality required to implement this modification will be released for 1 September 1996 in line with Phase 2 of the Network Code Energy Balancing regime.

16. Proposed implementation timetable:

This modification will be implemented on 1st September 1996.

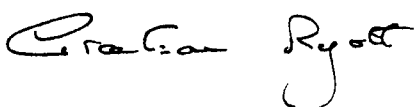
17. Recommendation for the implementation of the modification:

TransCo recommends that this modification is implemented on 1st September 1996, as agreed at the Modification Panel meeting of 23rd May 1996.

18. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

Signed for and on behalf of British Gas TransCo.

Signature: 

Date: 03/07/96

 Name: Chris Train

Position: Energy Balancing Manager

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date:

Name:

Position

## **ANNEX**

### **Restrictive Trade Practices Act - Suspense Clause**

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

#### **1. Suspense Clause**

- 1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:
- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
  - (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

- 1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.