Transco

Date 29/9/98

Network Code Development

31 Homer Road
Solihull
West Midlands B91 3LT

Telephone 0121 626 4431
Direct Line 0121 623 2021
Fax 0121 711 1451

To: Shippers, Panel Members & Non-Network Code Parties

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0242a
"Special Storage Deliverability Services"

Please note that The Final Modification Report , Version 1.2 was signed by Ofgas on 21st September 1998 for Modification Proposal No: 0242a.

Modification 0242 has not been implemented.

With effect from 06.00 hours on 1st October 1998, the new Network Code text resulting from this Modification is detailed below.

Modified Text:

Section R

1.9.2

Add references to Low Cost Overrun Charges and Standard Cost Overrun Charges to the end of paragraph 1.9.2.

Delete existing 6.1.2 and replace with :

6.1.2

(a) The User may not withdraw a quantity of gas on a Day which exceeds the User's gas-in-storage.

(b) Subject to paragraph 6.2, the User may not withdraw gas at a rate in excess of its available withdrawal rate.

Delete existing 6.2.3 and replace with :

6.2.3

(a) Where a User makes a relevant Nomination in respect of which the implied withdrawal rate is greater than the available withdrawal rate , regardless of whether it is less than the prevailing withdrawal rate , the User shall pay a Low Cost Overrun Charge in accordance with paragraph 7.1.6 calculated on the amount by which the implied withdrawal rate exceeds the available withdrawal rate multiplied by the relevant period. In a curtailment period the User shall pay a Low Cost Overrun Charge in accordance with paragraph 7.1.6 calculated on the amount by which the curtailment rate exceeds the available withdrawal rate multiplied by the time of the curtailment period during which such excess prevails.

(b) Where a User makes a relevant Nomination during a curtailment period in respect of which the implied withdrawal rate is reduced below the available withdrawal rate then the Low Cost Overrun Charge shall cease for the duration of such reduction provided that any such reduction shall not be treated as reducing any Low Cost Overrun Charge already incurred.

(c) If at any time for any reason (including as a result of a relevant Nomination or by reason of plant failure, maintenance, repair or otherwise) the Storage Operator determines that the maximum physical withdrawal rate at which gas can be withdrawn from a Storage Facility is less than the aggregate of all Users' implied withdrawal rates at that Storage Facility then the Storage Operator shall give a notice to all Users of that Storage Facility requiring Users not to exceed the curtailment percentage during the curtailment period.

(d) The curtailment percentage shall be calculated in accordance with the following provisions of this paragraph :

(i) The implied withdrawal rates of excess Users with the highest percentages of implied withdrawal rate to available withdrawal rate (calculated at the time the Storage Operator gives notice under paragraph 6.2.3 (c)) will be curtailed in accordance with paragraph 6.2.3(d)(ii) until the total amount of all implied withdrawal rates at the Storage Facility in question after curtailment is equal to the maximum physical withdrawal rate determined by the Storage Operator under paragraph 6.2.3 (c).

(ii) Curtailment shall be applied such that the curtailment rates for all curtailed Users after curtailment are in the same percentage to their available withdrawal rates, and that percentage shall constitute the curtailment percentage for all Users at the Storage Facility during the curtailment period.

(e) A curtailed User's Renomination shall take effect from the time specified in the notice given by the Storage Operator under paragraph 6.2.3(c) provided that the Storage Operator shall give no less notice than the withdrawal lead time for the Storage Facility in question.

(f) If a curtailed User then fails to make a Renomination at or below its curtailment rate for the curtailment period it shall pay a Standard Cost Overrun Charge in accordance with

paragraph 7.1.7 calculated on the amount by which the implied withdrawal rate of the curtailed User exceeds the curtailed rate multiplied by the time of the curtailment period during which such excess prevails.

(g) During a curtailment period no User shall make an increased relevant Nomination in excess of its curtailment rate and if it does so then it shall pay a Standard Cost Overrun Charge in accordance with paragraph 7.1.7 on the amount of the excess multiplied by the time of the curtailment period during which such excess prevails provided that 1. a User may increase up to its available withdrawal rate without incurring a Low Cost Overrun Charge or a Standard Cost Overrun Charge and 2. a User may increase up to its curtailment rate and shall pay a Low Cost Overrun Charge in accordance with paragraph 7.1.6 calculated on the amount by which the increase exceeds the available withdrawal rate multiplied by the time of the curtailment period during which such excess prevails.

(h) The curtailment rate shall not be less than a User's available withdrawal rate. Where the Storage Operator has determined that the curtailment rate for all Users is to be curtailed down to the available withdrawal rate then the provisions of paragraph 6.4.6 shall apply.

(i) The foregoing provisions of this paragraph 6.2.3 shall not apply to the LNG Facilities. In the case of an LNG Facility where a User makes a relevant Nomination in respect of which the implied withdrawal rate is greater than the available withdrawal rate, regardless of whether it is less than the prevailing withdrawal rate, the User shall pay a Standard Cost Overrun Charge in accordance with paragraph 7.1.7 calculated on the amount by which the implied withdrawal rate exceeds the available withdrawal rate multiplied by the relevant period, which for the purposes of this paragraph shall be deemed to continue through any curtailment period.

(j) In circumstances where a User is liable to pay a Standard Cost Overrun Charge under paragraphs 6.2.3 (f) or 6.2.3 (i) it shall in addition pay any Storage Management Charge which may be payable in accordance with paragraph 7.3.

6.2.5

Amend the existing definitions as follows :

(e) the **"relevant period"** is the period in hours calculated from the time when the relevant Nomination becomes effective, or a curtailment period terminates (and is not immediately followed by the commencement of another curtailment period), and continues until either 1. the time when a further relevant Nomination becomes effective, or 2. the commencement of a curtailment period, or 3. the end of the Gas Flow Day, whichever shall occur first. For the purposes of calculating the relevant period, a relevant Nomination shall become effective at the time the nomination is made or the Flexibility Bid is accepted plus the withdrawal lead time prevailing at such time or (in the case of the a Flexibility Bid for System Entry Buy) the flexibility lead time if longer.

Insert the following as additional definitions :

(f) an **"excess User"** shall mean any User whose implied withdrawal rate for the Storage Facility in question is in excess of its available withdrawal rate at the time that the Storage Operator gives a notice under paragraph 6.2.3 (c).

(g) the **"curtailment percentage"** is the amount expressed as a percentage by which a User's implied withdrawal rate must not exceed its available withdrawal rate during a curtailment period, as determined in accordance with paragraph 6.2.3 (d).

(h) the **"curtailment rate"** is the rate for each User calculated by applying the curtailment percentage to the User's available withdrawal rate and adding the resulting amount to the User's available withdrawal rate.

(i) a **"curtailed User"** means any excess User who is curtailed under paragraph 6.2.3 (d) (ii).

(j) the **"curtailment period"** is the period in hours starting from the time determined in paragraph 6.2.3 (e) until either 1. the commencement of a further curtailment period, or 2. the time specified by the Storage Operator or 3. the end of the Gas Flow Day whichever shall occur first.

Delete existing paragraph 7.1.1 (b)(i) and renumber 7.1.(b)(ii) as 7.1.1(b). Change references to in 7.1.2 and 7.1.4 from 7.1.1(b)(ii) to 7.1.1(b).

Delete existing paragraph 7.1.1(d), and paragraphs 7.1.2 (c) and (d)

Delete existing paragraph 7.1.3 and replace with :

7.1.3

Storage Overrun Charges, Low Cost Overrun Charges and Standard Cost Overrun Charges will each be invoiced and payable in accordance with Section S.

Insert new paragraphs 7.1.6 and 7.1.7

7.1.6

Low Cost Overrun Charges shall be calculated at the rates stated in the Annual Storage Invitation.

For the Storage Year 1998/1999 the Low Cost Overrun Charge shall be calculated at the following rates :

	p/kWh
June, July, August, September	0.0286
April, May, October, November	0.0571
December, January, February, March	0.1141

7.1.7

The Standard Cost Overrun Charge shall be calculated as follows :

(i) where the overrun occurs during the Winter Period, at a rate equal to the greater of 150% of the System Marginal Buy Price for the storage overrun day in question or 0.5 pence per KWh;

(ii) where (i) does not apply, at a rate equal to the greater of 130% of the System Marginal Buy Price for the storage overrun day in question or 0.5 pence per KWh.

Yours sincerely

Julian Majdanski
Network Code Co-Ordinator