

20 December 1999

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

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0325
"Consolidation of Section G1.6 (AQs)"**

Network Code Development

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* Calls will be recorded
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Please note that The Final Modification Report, Version 1.0 was signed by Ofgem on 17 December 1999 for Modification Proposal No: 0325

With effect from 06.00 hours on 17 December 1999, the new Network Code text resulting from this Modification is detailed below.

PRINCIPAL DOCUMENT

SECTION G

Delete G1.6

G1.6 shall read:

1.6

Annual Quantity

For the purposes of this paragraph 1.6:

1.6.1

(a)

the **"relevant Gas Year"** is the Gas Year in which the Annual Quantity of a Supply Meter Point is to apply.

(b)

the “**preceding Gas Year**” is the Gas Year ending at the start of the relevant Gas Year.

(c)

the “**AQ Review Date**” is a date which Transco determines but shall in any event be no later than the 31st May in the preceding Gas Year.

(d)

the “**User Provisional Annual Quantity**” is the Registered User’s determination of what the Provisional Annual Quantity in respect of a Supply Meter Point should be .

1.6.2

Calculation of Provisional Annual Quantity

For each relevant Gas Year no later than the AQ Review Date Transco shall determine the Provisional Annual Quantity in respect of each Supply Meter Point. The “**Provisional Annual Quantity**” shall be either:

(a)

in respect of a NDM Supply Meter Point which has been Isolated at any time during the Relevant Metered Period or for a DM Supply Meter Point which has been Isolated at any time during the period of 12 months ending on the AQ Review Date the Annual Quantity applicable for the preceding Gas Year; or

(b)

in respect of a DM Supply Meter Point, where paragraph (a) does not apply,

where there are Supply Meter Point Daily Quantities for each Day in the period of 12 months ending on the AQ Review Date, the sum of such Supply Meter Point Daily Quantities; or

(c)

in respect of an NDM Supply Meter Point where paragraph (a) does not apply or where Section H3.2.4 does not apply, the quantity assumed to be offtaken in a period of 12 months, determined in accordance with Section H3; or

(d)

in respect of a Supply Meter Point where paragraphs (a), (b) and (c) do not apply, the Annual Quantity applicable for the Preceding Year unless the Supply Meter Point is a New Supply Meter Point in which case the Provisional Annual Quantity shall be the estimated quantity provided by the first Registered User in accordance with paragraph 7.3.6.

1.6.3

Transco shall no later than 31st May in the preceding Gas Year for Smaller Supply Meter Points and 30th June in the preceding Gas Year for Larger Supply Meter Points in respect of each Supply Meter Point notify to the Registered User the Provisional Annual Quantity in respect of the relevant Gas Year and supporting details including:

(a)

the Supply Meter Point Reference Number; and

(b)

where available, the Meter Readings used by Transco to determine the Provisional Annual Quantity.

1.6.4

Amendment of Provisional Annual Quantity

Following the notification of the Provisional Annual Quantity the Registered User may, not later than 13th August in the preceding Gas Year notify Transco that it considers that the Provisional Annual Quantity does not satisfy the requirement in paragraph 1.6.6.

1.6.5

When submitting a notification pursuant to paragraph 1.6.4, the Registered User:

(a)

shall specify, evidence as required by Transco including:

(i)

the Supply Meter Point Reference Number; and

(ii)

two Meter Readings in accordance with Section H3; and

(iii)

where there has been one or more meter exchanges at the Supply Meter Point, two Meter Readings for each meter exchange which falls within the period between the Meter Read Dates of the two Meter Readings in paragraph (a) (ii); and

(iv)

the User Provisional Annual Quantity.

(b)

where the Supply Meter Point has a Provisional Annual Quantity of greater than 293,000 kWh (10,000 therms), may specify (but shall not be required to specify) in addition to the Meter Readings in paragraph (a) (ii):

(i)

two Meter Readings, for which one of the Meter Read Dates falls within a period from 1st November to 31st December of the preceding Gas Year and the other Meter Read Date falls within a period from 1st March to 30th April of the preceding Gas Year; and

(ii)

where there has been one or more meter exchanges at the Supply Meter Point, two Meter Readings for each meter exchange which falls within the period between the Meter Read Dates of the two Meter Readings in paragraph (b) (i) and;

(iii)

an estimate of the quantity offtaken derived from the two Meter Readings in paragraph (b) (i).

If the Registered User fails to comply with this paragraph then the notification pursuant to paragraph 1.6.4 will be rejected and the Registered User shall be notified of such rejection.

1.6.6

The requirement referred to in paragraph 1.6.4 is that the Provisional Annual Quantity, User Provisional Annual Quantity or Annual Quantity of a Supply Meter Point should represent reasonable assumption(s) as to the quantity offtaken (or, in the case of a New Supply Meter Point or a Supply Meter Point notified to Transco under paragraph 1.6.13 (a) (ii), which would have been offtaken) from the System in the period of 12 months by reference to which the Provisional Annual Quantity, User Provisional Annual Quantity and the Annual Quantity is determined. The variable that determines the End User Category of the Supply Point should reflect reasonable assumptions as to the quantity offtaken from the System during the period from the 1st December to 31st March in the preceding Gas Year.

1.6.7

The “**Annual Quantity**” of a Supply Meter Point shall be either:

(a)

where following a notification under paragraph 1.6.4 Transco considers that the requirement in paragraph 1.6.6 is satisfied the User Provisional Annual Quantity; or

(b)

where paragraph (a) does not apply, the Provisional Annual Quantity.

1.6.8

The “**Annual Quantity**” of a Supply Point or a Supply Point Component is the sum of the Annual Quantities for each Supply Meter Point comprised in that Supply Point or Supply Point Component.

1.6.9

Subject to paragraph 1.6.2, where a DM Supply Meter Point becomes an NDM Supply Meter Point or an NDM Supply Meter Point becomes a DM Supply Meter

Point the Annual Quantity of the Supply Meter Point shall not be affected by a change in its status to NDM or DM.

1.6.10

Subject to paragraph 1.6.2, where a Supply Meter Point is Isolated the Annual Quantity for that Supply Meter Point shall remain unchanged.

1.6.11

Where a Supply Point Confirmation made in respect of a Larger Supply Point becomes or will become effective not earlier than 31st December of the relevant Gas Year or later than 31st May in the relevant Gas Year, the Proposing User may, not later than 23 Business Days after the Supply Point Registration Date nor more than 7 Business Days earlier, notify Transco that the Proposing User considers the Annual Quantity of a Supply Meter Point or (as the case may be) variable that determines the End User Category of the Supply Point (pursuant to Section H 1.2), comprised in the Proposed Supply Point fails to satisfy the requirement in paragraph 1.6.6 and shall have the right to appeal the Annual Quantity under paragraph 1.6.13 (a) (i).

1.6.12

Transco shall not later than 14th September in the preceding Gas Year notify to the Registered User the Annual Quantity for each Supply Meter Point for the relevant Gas Year and the applicable End User Category (where appropriate) in respect of each Supply Point.

1.6.13

Appeal Process

Where following the notification of the Annual Quantity further to paragraph 1.6.12:

(a)

in respect of any Larger Supply Meter Point, the Registered User may not later than 31st December of the relevant Gas Year (or in the case of Larger Supply Meter Points under paragraph 1.6.11, 23 Business Days after the Supply Point Registration Date) notify Transco that the Registered User considers that the Annual Quantity of that Supply Meter Point fails to satisfy the requirement in paragraph 1.6.6. either:

(i)

on the basis of substantial evidence as to the actual consumption of gas; or

(ii)

because of a change in the Consumer's Plant which results in a change in the basis on which gas is consumed.

(b)

Notwithstanding the Registered User's right to appeal in paragraph (a), in respect of any Larger Supply Meter Point, the Registered User may not later than 31st May in the relevant Gas Year notify Transco that the Registered User considers that the Annual Quantity of a Supply Meter Point fails to satisfy the requirement in paragraph 1.6.6 provided that the Registered User may only so notify Transco in the case of:

(i)

a Larger Supply Meter Point where the Registered User's reasonable estimate of the Annual Quantity, is equal to or less than 50% of the Annual Quantity or is equal to or greater than 200% of the Annual Quantity; and

(ii)

a Smaller Supply Meter Point, where the User considers that it should be a Larger Supply Meter Point.

(c)

where a Registered User so notifies Transco:

(i)

pursuant to paragraph (a) (i) or paragraph (b) and the Registered User shall with such notice provide to Transco details as set out in paragraph 1.6.5 together with the Registered User's reasons or evidence for its view and a reasonable estimate of the quantity or (as the case may be) value which the Registered User considers should be the Annual Quantity or such variable of such Supply Meter Point;

(ii)

pursuant to paragraph (a) (ii) the Registered User shall with such notice provide to Transco in a format specified by Transco details of the Registered User's reasons or evidence for its view and a reasonable estimate of the quantity or (as the case may be) value which the Registered User considers should be the Annual Quantity or such variable of such Supply Meter Point.

(d)

Transco will consider the details provided by the Registered User under paragraph (c) above, and where it is satisfied that the Annual Quantity or such variable notified to the Registered User pursuant to paragraph 1.6.12 fails to satisfy the requirement in paragraph 1.6.6 and that estimate of the Annual Quantity provided by the Registered User satisfies the requirement in paragraph 1.6.6, then Transco shall substitute the Annual Quantity with that

estimate of the Annual Quantity Subject to 1.6.15 or (as the case may be) variable for the relevant Gas Year.

1.6.14

Where Transco agrees to revise the Annual Quantity or End User Category under paragraph 1.6.13 (d) or paragraph 1.6.17:

(a)

the Registered User may submit a Supply Point Reconfirmation (in accordance with paragraph 2.2.5) in respect of the relevant Supply Point on the basis of the revised Annual Quantity or End User Category;

(b)

with effect from the Supply Point Registration Date in respect of such Supply Point Reconfirmation, Supply Point Transportation Charges, UDQOs and Energy Balancing Charges (so far as to be determined by reference to or directly or indirectly a function of Annual Quantity or End User Category) shall be determined by reference to the revised Annual Quantity or End User Category;

(c)

no adjustment, revision or redetermination in respect of any such Supply Point Transportation Charge, UDQO and Energy Balancing Charge in respect of or accruing in respect of any Day before the Supply Point Registration Date will be made, it being agreed that such amounts and charges will be determined (and, in the case of charges, payable) by reference to the Annual Quantity and End User Category notified by Transco pursuant to the foregoing provisions of this paragraph 1.6 unless and until any revision is made pursuant to paragraph (a).

1.6.15

Where, Transco notifies any Registered User of that Supply Meter Point in the relevant Gas Year that a material error has been made in the calculation of any such Annual Quantities or any variables, Transco and the User concerned will discuss in good faith the manner in which and time at which such error may be corrected, having regard in particular to the need to ensure that the Registered User continues to enjoy the benefit (in relation to the corrected Annual Quantity) of this paragraph 1.6.

1.6.16

A User which is the Registered User of a Smaller Supply Meter Point, in relation to which the Supply Point Premises are premises in respect of which the conditions of Condition 35 of the Supplier's Licence are satisfied, may make an election for the purposes of this paragraph by submitting to Transco at any time a notice of such election.

1.6.17

Where a Registered User makes an election pursuant to paragraph 1.6.16, the Supply Meter Point shall be a Larger Supply Meter Point and Transco shall agree to revise the Annual Quantity pursuant to paragraph 1.6.14.

SECTION H3

Delete H3.1.1 to H3.1.4

3.1.1 shall read:

3.1.1

Subject to paragraphs 3.12 and 3.1.3, the Annual Quantity or the Provisional Annual Quantity of an NDM Supply Meter Point for each Gas Year shall be determined (on the basis of a standard 365 Day year) by seasonal normal adjustment of the metered quantity for a period ending before such Gas Year in accordance with this

paragraph 3.

3.1.2 shall read:

3.1.2

In the circumstances in paragraph 3.2.4 the Annual Quantity or the Provisional Annual Quantity of the NDM Supply Meter Point for a Gas Year shall be that applicable for the Preceding Year.

3.1.3 shall read:

3.1.3

For the Gas Year in which a New Supply Meter Point is established its Provisional Annual Quantity shall be the quantity specified by the relevant User in accordance with Section G7.3.6 .

3.1.4 shall read:

3.1.4

Upon annual determination thereof in accordance with this paragraph 3, the Annual Quantity of an NDM Supply Meter Point will be notified to the Registered User in accordance with Section G 1.6.12.

TRANSITIONAL DOCUMENT PART II

Delete Sections 7.6 to 7.14

Delete Sections 8.4.6 to 8.4.10

Delete Section 8.15.3

Delete Section 8.5 and replace with:

8.5

H3.2.3

Until Transco determines but in any event no later than the 2nd March 2001, for the purposes of a redetermination in accordance with Section H3, Transco shall not be

required to take account of any Valid Meter Reading for which the Meter Read Date is earlier than 2nd March 1996.

Yours sincerely

P Kew

PP

Julian Majdanski

Modification Panel Secretary.