Draft Modification Report
Incentivised Nomination Scheme
Modification Reference Number 0479

Version 3.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

Transco formulated this proposal to seek to provide Users with the opportunity and incentive to provide additional information to Transco as to their intended end of day imbalance position. The ability to provide this additional information would be facilitated throughout the balancing period via the implementation of a new type of nomination, the "INS nomination". This new nomination would be used by Transco to better inform its balancing action decision making process, thus potentially improving the efficiency of any actions taken.

This Proposal also provides for the accuracy of this additional nomination to be assessed at four discrete, predefined, times during the balancing period for each gas day; 02:00 day ahead and 12:00, 18:00 and 22:00 on the gas day. It is proposed that, in the event that Transco takes a balancing action for the gas day, differences between the User's nominated and allocated imbalances, at these predefined times, will incur a charge. The imposition of this charge would generate a commercial incentive on Users to provide more accurate information throughout the balancing period and introduce an additional degree of cost targeting into the regime.

Transco initially advocated a charge that was based on the residual system balancing action costs for that gas day and the difference between the User's intended end of day nominated imbalance and its allocated imbalance relative to the performance of the community as a whole. However, in light of the Workstream debate, this Proposal advocates that the INS charge levied on each User at each predefined time t, $INSC_t$, be determined as follows:

$$INSC_t = PM_t \times SF_t \times INSCP,$$

where

i) PM_t is the User's Performance Measure at time t given by

$$PM_t = Abs(N_t - A - INSTQ_t),$$

where N_t is the User's nominated end of day imbalance at time t, A is the User's allocated imbalance, and $INSTQ_t$ is the INS Tolerance Quantity at time t.

This latter term reduces the magnitude of the difference between a User's nominated and allocated imbalance to the extent that it had been increased by the change in the NDM forecast between that time and the end of the Gas Day.

In the event that the NDM Forecast Deviation Tolerance was not to continue in respect of the imbalance cash-out arrangements, as is currently proposed in Modification Proposal 0511, Transco seeks respondents views as to whether application of the INS Tolerance Quantity would continue to be appropriate.

ii) SF_t is the INS Scaling Factor and is equal to 0.25 at each predefined time.

iii) INSCP is the INS Charge Price given by:

if A>0, INSCP = SAP – SMP Sell,
if A<=0, INSCP = SMP Buy –SAP,

where A is the User's allocated imbalance.

It is proposed that the revenue from this Proposal forms part of Balancing Neutrality such that, after consideration of the neutrality smear payment, Users that provide relatively "good" information would receive a net reward, and those that provide "poor" information, a net charge.

2. Transco's Opinion

Since the introduction of the Reform of the Gas Trading Arrangements (RGTA), the operation of the gas balancing regime has changed considerably. Transco, Ofgem and other regime participants have acknowledged a number of concerns, some of which are described below. Transco maintains that these concerns need to be addressed through a process of incremental evolution of the regime.

Transco has confirmed at various Operational Forum meetings that both the level of information uncertainty and variation in flows on to, and off of, the system within day, have increased since the introduction of RGTA. This has led to difficulties for Transco in evaluating "efficient" balancing actions, which are exacerbated by the complex behavioural interactions inherent within the regime. Transco considers that balancing costs incurred due to such information uncertainty should be targeted at those Users that generated the costs, as opposed to being charged to all Users through the neutrality smearing process as would be the case under the current regime.

Transco has also reported an increase in within day NTS linepack movements since the introduction of RGTA. Such variations have arisen from an increased divergence between the rate at which gas is input to, and offtaken from, the

NTS. Excessive differences between these rates may generate linepack depletion that could, in the absence of actions by Transco, jeopardise the safe and secure operation of the system.

Transco considers that the above concerns may, at least in part, have been exacerbated by the commercial freedom granted to Users under RGTA to change their imbalance position within day. Users, however, do have obligations to flow gas in line with their nominations according to the uniform flow rate principle. Transco concurs that the combination of these two factors means that the current actions by Users are entirely legitimate and indeed might be considered to be a consequence of generating greater within day trading flexibility.

Transco has stated that there is no simple single solution to resolve the issues highlighted above. Ofgem proposed in its February 2001 consultation paper, "Further Reform of the Gas Balancing Regime", that fundamental changes are required, such as the development of an "hourly balancing regime". Transco continues to have reservations regarding the balance of costs and benefits associated with such fundamental change, preferring, instead, to pursue an incremental approach to address perceived weaknesses within the current regime while retaining the current daily balancing period. In support of such an approach, and as a first step, Transco raised Modification Proposal 0479 "Incentivised Nomination Scheme" (INS), which the Modification Panel at the July meeting referred to the Energy and Capacity Workstream for consideration.

Transco considers that the current information requirements offset out in the Network Code do not afford Users with sufficient opportunity to provide Transco with the best possible information to inform its balancing decision making process. This restriction may create an artificial level of information uncertainty, which may impact the efficiency of Transco's balancing actions. Transco's view is that a new type of nomination is required to remove this barrier to information provision by providing the facility for Users to advise Transco throughout the balancing period of their intended end of day imbalance position.

Transco recognises that a User's ability to accurately forecast its end of day imbalance during the balancing period may be affected by the accuracy of its prevailing aggregate NDM nomination provided by Transco. Transco considers that the Proposal to accommodate such forecast errors by applying the same principles that currently exist in Network Code for the NDM Forecast Deviation Tolerance in respect of the imbalance cash-out arrangements (section F2) via the application of the INS Tolerance Quantity would provide sufficient relief in this area.

Since concluding Workstream development of this Modification Proposal, Transco has raised Network Code Modification Proposal 0511 that proposes to remove the NDM Forecast Deviation Tolerance. In the event that Modification Proposal 0511 was to be implemented, Transco seeks respondents views as to whether application of the INS Tolerance Quantity would continue to be appropriate.

Transco considers that the proposed times at which a User's performance would be assessed are consistent with both the publication timescales of a User's NDM forecast and the key points during the balancing period at which Transco assesses the system balance.

With regard to the level of the INS scaling factors at each predefined time, Transco considers that the proposed equal values of 0.25 provide a pragmatic compromise between two opposing views expressed by the community that; i) the scaling factors should be weighted towards the earlier part of the balancing period to potentially improve the efficiency of Transco balancing actions, and ii) the scaling factors should be weighted towards the latter part of the balancing period due to operational uncertainty over a User's end of day imbalance.

Transco recognises the views of many participants that an INS charge may not be required, and hence the INS charge price could be set to zero, on the basis that User's have Shipper Licence obligations to provide Transco with their best possible information. In addition, it was suggested that Transco could inform Ofgem of any User that was deemed to be providing "poor" imbalance nominations and, as such, may be in breach of its obligations. However, it is Transco's opinion that a non-zero charge price is essential in order to:-

- provide a commercial incentive on Users to ensure the accuracy of their intended end of day imbalance nomination; and
- provide a degree of cost targeting into the regime for use of system flexibility and potential balancing actions that may arise as a result of the User changing its intended end of day imbalance position during the balancing period.

In addition, together with the application of the scaling factor for each predefined time, the non- zero charge price provides an incentive for Users to provide Transco with their best information as early as possible.

Transco initially advocated a charge price that was based on the balancing action costs for that gas day with the intention that the scheme would:-

- ensure that charges were only levied upon Users when balancing costs had arisen, resulting in the INS charge being dynamic and related to the costs imposed on the system; and
- attribute more of the costs of balancing to those with relatively less accurate nominated imbalances than those with relatively better performance.

Transco recognises the concerns expressed in Workstream discussions that this methodology implies that a User's charge would be affected by the performance of others and, to an extent, Transco's balancing strategy for that gas day.

In response to extensive Workstream debate, Transco now considers that a charge price equal to the relevant SMP-SAP differential, depending on the direction of a User's allocated imbalance, meets, more than any other proposed

option, the following attributes that are generally considered to be desirable for such a charge:-

- Transparent calculation methodology;
- Easily obtainable;
- Not unduly penal;
- Not arbitrary;
- Reflective of the costs incurred by Transco as a result of inaccurate end of day imbalance nominations and/or Users changing their balancing intentions throughout the gas day;
- Provide economic incentive on Users to provide accurate projections of their intended end of day imbalance; and
- Should not outweigh current imbalance cash-out incentives that were designed to financially incentivise Users to balance.

In Transco's opinion, the combined effect of imbalance cash-out and INS is likely to change behaviours such that Users would be encouraged to enter the day with a minimal intended end of day imbalance, as a result of the imbalance cash-out incentive, and then to remain at this position throughout the day as a result of the INS incentive. This in turn may promote more uniform deliveries onto the system and potentially reduce within day linepack profiling.

Under the current regime, residual balancing costs that arise due to supply failure at a specific terminal would be charged to all Users, irrespective of whether the User actually flowed at that terminal. Transco considers that the INS Proposal would, to an extent, provide improved cost targeting in these circumstances. If a User, flowing at the affected terminal, elects to increase its nominated end of day imbalance, the User would face costs through the imbalance cash-out incentive on its allocated imbalance and for changing its nominated imbalance through INS. Transco considers that this is appropriate as it provides an incentive on Users to provide, as soon as possible, their most accurate intended end of day imbalance position in order to avoid a proportion of the INS charges. This in turn would enable Transco to undertake the most efficient remedial action on behalf of the community.

During Workstream debate, many participants expressed reservations over the potential effects of the INS proposal. The main points that were raised and Transco's views are summarised below:-

INS proposal does not address the main issue, that is, within day NTS linepack profiling

Transco proposed INS as an important incremental step towards improving the current gas balancing regime. Whilst it does not directly address the issue of profiling, it is envisaged that an improvement in nomination information would improve the efficiency of Transco's balancing actions. Furthermore, the proposal is designed to attribute costs to those User's changing their imbalance positions within day. Given potential exposure to costs, Transco considers that this will further discourage Users from entering the day significantly out of

balance. This in turn may remove, to an extent, one of the primary causes of within day NTS linepack variations.

Since concluding Workstream development of this Proposal, Transco has raised Modification Proposal 0512, “Introduction of a Within Day Entry Profiling Charge”, that recognises these concerns and specifically seeks to address issues surrounding within day NTS linepack variations.

The INS proposal weakens the financial incentives on Users to balance

Imbalance charges in Network Code incentivise Users to achieve a balanced position by the end of the gas day, whilst INS charges incentivise Users to maintain a consistent and accurate projection of their end of day imbalance and hence adjust their flows, or complete within day trades, to achieve this projection by the end of the gas day. As such, Transco considers that the INS incentive is complimentary, rather than in opposition, to the existing balancing incentives.

In addition, the resultant affect could be expected to be that Transco would face greater certainty over User balancing intentions and hence Transco would be able to increase the efficiency of its balancing actions.

Transco is concerned that current incentives to balance are only targeted at end of day positions, thereby promoting within day changes of imbalance position. Transco’s residual balancing role would be best served by Users declaring an imbalance position as early as possible and then being encouraged to maintain and achieve this position by the end of the Gas Day. However, Transco recognises that there is an inherent conflict within the current regime between physical operational efficiencies and commercial efficiencies that may be promoted by maximising within day trading opportunities.

INS charge is a "tax on trading" and will discourage Users from trading

Transco recognises that a number of participants believe that within day trading volumes would be reduced by the introduction of the INS Proposal since Users would be encouraged to enter the day in a more balanced position and would not want to trade out an earlier declared balancing intention due to the INS charge it would incur. However, Transco would suggest that this should be considered to be a benefit to the regime rather than a problem. In the event that circumstances altered from a User’s expectation within day due to, for example, demand change, the User may look to the within day market in an attempt to maintain its declared end of day imbalance. Transco, therefore, suggests that it is by no means certain that within day trading would be reduced and, to the contrary, could even increase as a result of the INS Proposal, with such trading being entirely consistent with generating flows on the system that efficiently use the pipeline network.

INS is a form of gate closure that will result in the SO taking more balancing actions

In Transco's opinion gate closure suggests that a User would be prevented from adjusting its imbalance within a balancing period; INS does not restrict this activity. Under this Proposal, a User may enter the day with a declared AT-Link nominated imbalance, but with the intention of achieving a balanced position by the end of the day. INS allows this to happen without penalty. To achieve this, the User merely signals its intentions to move its prevailing imbalance position by registering its INS nomination to its preferred imbalance position at each INS time. As long as the User then adjusts its imbalance position accordingly, either through physical changes or by trading, then it will not incur any INS charge. Transco believes that this is entirely at odds with a gate closure principle, which removes User's commercial freedom to re-nominate.

Late actions by Transco may lead to volatility in the market

The likelihood of late actions by Transco may arise if there is uncertainty about achieving an end of day system balance. Transco considers that this uncertainty is partially caused by lack of accurate information on Users' intended end of day imbalances. INS is aimed at improving this informational uncertainty and therefore it should reduce the need for late actions. Consequently, market volatility may reduce, rather than increase.

INS has only been proposed because it has a positive effect on Transco's gas balancing incentive

Transco has proposed INS as the first step of a reform programme designed to review the efficiency of the regime. Whilst unrelated to the incentive, in the event that such reforms give rise to increased benefit to Transco under the incentive, then such an outcome should be welcomed given that it should indicate greater benefits accruing elsewhere from more efficient operation of the regime.

Transco suggests that this concern should not deflect attention from the benefits of the INS proposal, since improved balancing efficiency would benefit both Users and Transco. Whilst Transco may benefit through its energy incentive, Users, would benefit from more accurate cost targeting and potentially reduced balancing costs.

INS may introduce 'gaming' opportunities

The INS proposal incentivises Users to advise Transco of their intended end of day imbalance position at predefined times during the day. The only way that Users could benefit from INS is by adhering to their intended end of day imbalance position. Despite repeated claims by various participants, it has not been possible to establish a set of circumstances under which a User would be able to extract greater benefit from misinforming Transco under the INS regime than is currently the case under the existing nominations regime. Indeed all circumstances known to Transco result in the gaming party facing greater costs, or reduced benefit, than would be the case under the current regime.

3. Extent to which the proposed modification would better facilitate the relevant objectives

This Proposal provides Users with the opportunity, and incentive, to provide additional information to Transco as to their intended end of day imbalance position throughout the balancing period. If approved, this additional information would be used to better inform Transco's balancing action decision making process, and in turn would generate greater efficiency of these actions. This Proposal therefore better facilitates the relevant objective of "efficient and economic operation", as stated in Standard Condition 9 1(a).

Transco believes that the proposed INS charge will improve cost targeting to those Users that generated costs due to poor information provision, and will therefore better facilitate the relevant objective of "securing effective competition between relevant Users", as stated in Standard Condition 9 1(b).

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

Additional information would be obtained to better inform Transco's balancing action decision making process, and in turn this would generate greater efficiency of these actions. This could provide for more stable and efficient operation of the system.

b) development and capital cost and operating cost implications:

Changes to Transco systems are required to facilitate the provision of the new type of nomination from each User, and to determine and invoice the INS charge. Definitive figures for the development and capital costs are not yet available. However, it is estimated that these costs are likely to be around £0.75m +/-30%.

Operating costs are anticipated to be minimal.

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:

Transco would not seek to recover incremental costs of implementation of this proposal.

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

This proposal is not considered to have any consequences in respect of price regulation.

5. 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

No such consequences are anticipated.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

The requirement to provide a new type of nomination and the implementation of a new charge is likely to precipitate a need to change the functionality of User's operational and financial systems. However, Transco would welcome representations setting out the implications for Users, including estimated costs.

7. The implications of implementing the Modification Proposal for Users

Transco would welcome representations setting out the implications for Users. However, Transco considers the main implication would be that Users would be required to provide additional data to Transco.

8. The implications of implementing the Modification Proposal for Terminal Operators,Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

Transco believes that there would be no direct effect on the above parties, but would welcome representations on this.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

No changes to contractual relationships are anticipated.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages:

- Provides opportunity for Users to provide additional information to Transco regarding their intended end of day imbalance position.
- The additional information provided to Transco may result in more efficient balancing actions and, therefore, lower balancing costs.
- Improves the level of cost targeting within the regime.

Disadvantages:

- Increased administrative complexity.
- INS charge may only approximately reflect the costs incurred due to inaccurate end of day imbalance nominations or changing balancing intentions.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Transco considers that, given potential exposure to costs for changing intended end of day imbalance positions, Users may be discouraged from coming into the day with large imbalance positions. This may therefore remove, to an extent, one of the primary causes of within day NTS linepack variations, and thus facilitate more stable and reliable operation of the network.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

Not applicable.

14. Programme of works required as a consequence of implementing the ModificationProposal

System changes are required to various AT Link, financial, administration and reporting processes.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

The proposed timetable would be as follows:

Draft Modification Report published	21/12/01
Industry consultation close out	09/01/02
Final Modification Report published	28/01/02
Anticipated Ofgem decision	15/02/02
Systems changes live (subject to above)	29/08/02
Scheme start date (subject to above)	01/09/02

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Proposal is implemented.

17. Text

SECTION E: DAILY QUANTITIES, IMBALANCE AND RECONCILIATION

Add new paragraph 5.3 to read as follows:

"5.3 **Incentivised Nomination Charges**

5.3.1 At each Forecast Daily Imbalance Time (in respect of a Day) if a User's Prevailing Forecast Daily Imbalance differs from the User's Daily Imbalance for the Day the User shall pay a charge ("**Incentivised Nomination Charge**") in accordance with this paragraph 5.3.

5.3.2 For the purposes of this paragraph 5.3:

(a) "**Forecast Daily Imbalance**" is, in respect of a Day and in relation to a User, the User's [projection] of its Daily Imbalance for that Day;

(b) "**Forecast Daily Imbalance Time**" is, in respect of a Day, each of 02:00 hours on the Preceding Day and 12:00 hours, 18:00 hours and 22:00 hours on the Day;

(c) "**Initial**" Forecast Daily Imbalance is Nomination, in respect of a Day and in relation to a User, the Forecast Daily Imbalance prevailing at 17:00 hours on the Preceding Day; and

(d) "**Prevailing Forecast Daily Imbalance**" is, in respect of a User and a Forecast Daily Imbalance Time, the User's prevailing (in accordance with this paragraph 5) Forecast Daily Imbalance.

5.3.3 Each User may submit a notice ("**Forecast Daily Imbalance Nomination**") specifying its Forecast Daily Imbalance for a Day.

5.3.4 Each Forecast Daily Imbalance Nomination shall specify:

(a) the identity of the User;

(b) the Gas Flow Day;

(c) the Forecast Daily Imbalance for the Gas Flow Day.

5.3.5 A Forecast Daily Imbalance Nomination may be submitted no earlier than 30 Days before the Gas Flow Day and no later than 04:00 hours on a Gas Flow Day.

5.3.6 A User may revise an Initial Forecast Daily Imbalance Nomination in respect of a Gas Flow Day by submitting a further Forecast Daily Imbalance Nomination and where a User submits a further Forecast Daily Imbalance Nomination it shall replace the Initial Forecast Daily Imbalance Nomination or any subsequent Forecast Daily Imbalance Nomination (but without prejudice to the application of this paragraph 5.3 in respect of the Prevailing Forecast Daily Imbalance in respect of any earlier Forecast Daily Imbalance Time).

5.3.7 Without prejudice to paragraph 5.3.6, where a User does not submit a Forecast Daily Imbalance Nomination in respect of a Day by 17:00 hours on the Preceding Day the User will be deemed to have submitted an Initial Forecast Daily Imbalance Nomination for which the [projected] Daily Imbalance is zero.

5.3.8 For the purposes of the further provisions of this paragraph 5.3:

(a) a User's "**Forecast Performance Measure**" at a Forecast Daily Imbalance Time in respect of a Day shall be calculated as follows:

$$FPM_t = abs\ ((N_t - A) - INTQ_t)$$

where:

FPM_t is the Forecast Performance Measure at Forecast Daily Imbalance Time '*t*';

N_t is the User's Prevailing Forecast Daily Imbalance at Forecast Daily Imbalance Time '*t*';

A is the User's Daily Imbalance in respect of the Day; and

$INTQ_t$ is the User's Incentivised Nomination Tolerance Quantity at time '*t*';

(b) the "**Incentivised Nomination Price**" [in respect of a Forecast Daily Imbalance Time] is the price (in pence/kWh) calculated as follows:

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

$$INP_t = (SAP - SMSP)$$

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

$$INP_t = (SMBP - SAP)$$

where:

INP_t is the Incentivised Nomination Price at Forecast Daily Imbalance Time '*t*';

SAP is the System Average Price for the relevant Day;

SMBP is the System Marginal Buy Price for the relevant Day; and

SMSP is the System Marginal Sell Price for the relevant Day; and

(c) a User's "**Incentivised Nomination Tolerance Quantity**" at a Forecast Daily Imbalance Time '*t*' is calculated as follows:

(i) where, $N_t - A$ is greater than *0*:

$$INTQ_t = min\ (max\ (NDMA - NDMN_t, 0), N_t - A)$$

(ii) where, $N_t - A$ is less than *0*:

$$INTQ_t = max\ (min\ (NDMA - NDMN_t, 0), N_t - A)$$

where:

NDMA is the aggregate of the User's UDQO's in respect of NDM Supply

Point Components and relevant Connected System Exit Points for the relevant Day;

NDMN is the aggregate of the Nomination Quantities under the User's Prevailing Relevant NDM Nomination at each Forecast Daily Nomination Time '*t*',

and 'N_t' and 'A' have the meanings given in paragraph (a); and

(d) the "**scaling factor**" in respect of each Forecast Daily Imbalance Time in respect of a Day is 0.25.

5.3.9 The Incentivised Nomination Charge payable by a User in respect of a Daily Imbalance Nomination Time shall be calculated as follows:

$$INS_t = (FPM_t * SF_t * INP_t)$$

where:

INS_t is the Incentivised Nomination Charge;

FPM_t is the User's Forecast Performance Measure;

SF_t is the scaling factor; and

INP_t is the Incentivised Nomination Price,

in each case in respect of Forecast Daily Imbalance Time '*t*'.

5.3.10 In respect of a User and in relation to a Day, the "**Total Incentivised Nomination Charge**" payable by a User is the sum of the Incentivised Nomination Charges payable [(if any)] by the User in respect of the Day and calculated as follows:

$$TINC = \sum_{t=1}^{n} INC_t$$

where:

TINC is the Total Incentivised Nomination Charge;

INC is the Incentivised Nomination Charge payable by the User in respect of each Forecast Daily Nomination Time '*t*',

where '*n*' is the number of Forecast Daily Nomination Times in respect of a Day.

5.3.11 Total Incentivised Nomination Charges shall be invoiced and payable in accordance with Section S."

SECTION F: SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY

Amend paragraph 4.4.2 to read as follows: Need to co-ordinate with modification removing Section D3 as proposal includes a change to this paragraph.

"(c) ….in respect of that Day;

(d) Physical Renomination Incentive Charges….; and

(e) Total Incentivised Nomination Charges payable to Transco in respect of that Day."

Amend paragraph 4.5.3(a)(ii) to read as follows:

" …. Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges…."

Amend paragraph 4.5.3(b)(ii) to read as follows:

" …. Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges…."

Amend paragraph 4.5.3(b)(iii) to read as follows:

" …. Physical Renomination Incentive Charges, Total Incentivised Nomination Charges, Balancing Charges…."

SECTION S: INVOICING AND PAYMENT

Add text at paragraph 5 of Annex S-1 to read as follows:

"(k) …..

(l) Total Incentivised Nomination Charges."

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Tim Davis
Manager, Network Code

Date: