

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0506

"Cancellation of NBP Sale Trades in the event of a Termination of a User"

Version 2.0

Date: 30/11/2001

Proposed Implementation Date:

Urgency: Urgent

Justification

In the event of a user being terminated, the user may be unable to fulfil their obligations in delivering gas to the Notional Balancing Point (NBP) for transfer to their counter party. The risk would then fall to the community as a whole to cover the cost of the gas sold in this way. This modification seeks to nullify that sale trade which will avoid the exposure to this risk by the community at large.

Nature of Proposal

In the event that a User is terminated all their sale trades at NBP will be rendered null and void. Any counter party to such trade with a terminated user will be obliged to source gas matching that trade from another seller or purchase that gas from the system.

Purpose of Proposal

To avoid the exposure to the community as a whole to the enduring obligation to energy balancing cost in respect of the portfolio of a Terminated User. The responsibility for sourcing the gas will fall to the counter-party and their contractual claim with the Terminated User

Consequence of not making this change

The community as a whole will continue to be exposed to the energy balancing costs of the Terminated Users portfolio

Area of Network Code Concerned

Sections D & E

Proposer's Representative

Mike Young (BG Trading)

Proposer

Mike Young (BG Trading)

Signature

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