

30/09/2002

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0519**

"Removal of Energy Balancing Incentives from the Network Code"

Please note that Modification Proposal No 0519 was implemented with effect from 06:00 hours on 30/09/2002. The Final Modification Report, Version 4.0, was signed by Ofgem on 27/09/2002.

The new Network Code text resulting from this Modification follows.

Modified Text:

*Rename Section D as "**OPERATIONAL BALANCING AND TRADING ARRANGEMENTS**".*

Delete paragraph 3.

TRANSITION DOCUMENT PART II

Delete text at paragraph 8.2.1 and insert new text and new paragraph 8.2.2 to read as follows:

"8.2.1 In respect of the application of Section D3 as amended in the period from 1 October 2001 up to (and including) the Day preceding the date of implementation of the Modification to the Code giving effect to this paragraph ("**relevant period**") (and by which modification Section D3 ceased to apply):

- (a) a reference to a Gas Year shall be treated as a reference to the relevant period;
- (b) amounts payable in respect of the relevant period by way of User Daily Incentive Amounts, User Annual Incentive Interest Amounts and User Annual Incentive Adjustment Amounts (under the Price Incentive Arrangement and the Linepack Incentive Arrangement collectively) shall continue to be invoiced and payable in accordance with Section S notwithstanding that such amounts are invoiced and payable after the relevant period;
- (c) amounts payable under paragraph (b) shall be calculated in accordance with Section D3 as it applied immediately prior to the end of the relevant period; and

- (d) between 1 April 2002 and the date of implementation of the Modification to the Code giving effect to this paragraph, the Maximum Incentive Amount limits, Incentive Performance Measure, Annual Maximum Incentive Amounts and other relevant parameters of the Energy Balancing Incentive shall be set and applied in accordance with the limits prescribed in special condition 28B paragraph 14(9) of the Transco Licence.

8.2.2 For the purposes of paragraph 8.2.1 terms used therein shall have the meaning attributed thereto in Section D3 as it applied immediately prior to the date of implementation of the Modification to the Code giving effect to this paragraph."

Yours sincerely,

Julian Majdanski
Modification Panel Secretary