

Modification Report
Changes in Gas Supply Emergency Arrangements
Modification Reference Number 0635
Version 2.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

It is proposed that the present arrangements for a Network Gas Supply Emergency Gas Deficit Emergency (GDE) be changed as follows:

- During Stage 2 of a GDE, at which the Network Emergency Coordinator (NEC) would be seeking to maximise gas supplies at one or more System Entry Points, the NEC would have discretion as to whether Transco would retain the option of using the Trading System for system balancing purposes on that Day. If this were the case, the cash-out price derivation would remain unchanged in respect of that Day. With the exception of Users directly affected by an instruction from Transco to the Operator of a Storage Facility, the claims review procedure would not apply if the normal commercial arrangements were not suspended.
- In the event that the NEC did proceed to Stage 3 of a GDE, normal commercial arrangements would be suspended and the present emergency cash-out arrangements (ie priced at the previous 30 days average SAP, the GDE "administered" cash-out price) would apply.

The June Network Code Modification Panel meeting approved this Proposal to proceed to consultation, subject to further discussion at the NT&T Workstream to inform the Draft Modification Report.

2. Transco's Opinion

Transco notes the minority views expressed at the Commercial Implications Working Group (CIWG) of the Gas Industry Emergency Committee that permitting the use of the OCM later into an emergency might better facilitate the avoidance of firm load shedding.

Transco notes that there might be circumstances where it would be necessary to invoke "command and control" instructions for gas in accordance with the Gas Safety (Management) Regulations. However, Transco notes the argument that these would not always totally be effective at all parts on the System and therefore the continuation of the market might facilitate the availability of additional gas.

Of particular importance is the potential for the continental Interconnector imports and demand-side management to respond to commercial opportunities to facilitate resolution of the emergency situation. Transco notes the view that continuation of the market might encourage such flexibility to be offered via the OCM thereby increasing the likelihood of averting Stage 3 of an emergency. It is during Stage 3 that Transco would issue instructions to shed firm loads.

Specifically, on the demand-side, Transco has expressed the view in CIWG that end-consumers might be more willing to offer up demand-side flexibility at Stage 2 of an emergency than they might be at Stage 1, when Transco might utilise emergency interruption of transportation interruptible loads. This might be driven by concerns that at Stage 1, given most firm transportation end-consumers desire to continue offtake of gas and a perception of low risk of firm load shedding, end-consumers would be unwilling to offer up flexibility, despite the commercial opportunity. Additionally, limited participation at Stage 1 might be driven by User and end-consumer concerns that the NEC might make a premature declaration of Stage 1 of an emergency. However, at Stage 2 and with the greater perceived risk of firm load shedding, end-Users for an appropriate price, might be prepared to enter into contractual commitments to offer up the flexibility that could avert Stage 3 of the emergency, thereby facilitating a market solution to the emergency. Continuation of the market might be considered likely to promote better market efficiency by maintaining the normal cash-out incentives later into an emergency.

There has been some response on the issue of willingness to participate at Stage 1 with assurances given by Users that they would respond actively to an emerging emergency situation and would take all steps available to achieve a close-to-balance position. Transco previously believed that wherever possible, Users should be encouraged to respond to the developing position and that the continuation of the market and market-based cash-out into a Stage 2 emergency might further encourage the development of contracts that could be used either to better promote individual shipper balancing or to facilitate the provision of extra gas to the System for system balancing. Transco accepts that it may not be practical to put in place such arrangements at the time of an emergency but would hope that Shippers might in the future develop agreements to facilitate such gas provision.

The CIWG recognised the issues associated with continuation of the market at Stage 2. Specifically, Transco noted that once "command and control" had been invoked then the System might still benefit from incremental gas flows onto, or, gas offtake reduction from the System. Should this Proposal be implemented, Users would be aware that if they are likely to be credited with the incremental gas associated with a NEC "command and control" instruction, such Users would be faced with a choice: either allow the gas to flow into the daily balancing account and take the price defined by the cash-out mechanism, or, to seek to sell the incremental gas on the OCM at what would be an assured price. If the latter were chosen then this would raise issues associated with the price that Transco might be prepared to pay for such gas and its potential implications on the cash-out price.

Transco would emphasise that discretion over suspension of normal balancing mechanisms lies solely with the NEC and not Transco in its capacity as Gas Transporter. This would be consistent with all the principles of the NEC Safety Case and joint emergency management arrangements agreed with DTI. However, Transco recognises that those procedures relating to the upstream systems have been developed on the basis that Transco's use of the OCM would be suspended at Stage 2.

Transco identified that it would welcome respondents' views as to the considerations, should this Proposal be implemented, that Transco should apply before it might choose to accept such gas or not. In particular, Transco invited views of respondents as to:

- The criteria to assess whether the taking of such offers might be considered consistent with economic and efficient operation of the regime where such gas is offered in response to instructions to maximise gas delivery at particular points on to the System; and
- Whether such arrangements might encourage cash-out exposure which might better promote User demand/supply balancing, thereby decreasing the risk of the occurrence of latter stages of an emergency.

There was some recognition that hard and fast rules were inappropriate in the context of an emergency where the situation might be subject to rapid change. Transco is able to give assurances that it would normally accept OCM offers if by accepting them movement to Stage 3 would be averted. In doing so, market participants would recognise that further offers would be accepted so reducing further the risk of movement to Stage 3. Transco would be reluctant to apply a hard and fast threshold to define acceptance of offers as this might add a further distortion to market operation. However, Transco does concur that it would be inappropriate to accept balancing gas at any price and would expect to develop guidelines to inform the basis for acceptance of offers.

Transco recognised that the interactions between coexistence of market mechanisms and "command and control" processes are complex and invited detailed comments from respondents to inform refinement of the legal text should the Proposal be recommended for implementation. No comments were received.

Transco considered that a GDE might have a direct effect on the electricity market as demand-side interruptions or curtailment might be expected to affect power generation and therefore welcomed views on the potential interactions and impacts between the gas and electricity markets. These have been summarised in the summary of representations.

Transco is mindful of the conflicting views of CIWG participants and has carefully considered representations. Whilst remaining of the view that a Modification Proposal of this type would be desirable, it now believes that a further period of time should be given for upstream participants to strengthen emergency arrangements, including emergency attribution arrangements. Similarly, such an opportunity would allow for changes in contract arrangements with end-users. On the basis that Transco intends to keep these arrangements under review, and potentially raise a new Modification Proposal, it no longer supports implementation of this Modification Proposal at this time.

Transco is also mindful of representations which raise the issue of potential ambiguity between established procedures in support of NEC "command and control" and the continuance of market arrangements. Transco believes that further discussions would assist the development of a new Modification Proposal and that this provides a further reason why Transco has decided that it no longer supports this Modification Proposal.

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

Providing the NEC with discretion over suspension of normal balancing arrangements might lead to additional availability of gas at System Entry Points. Therefore, implementation of this Modification Proposal would increase the ability of the NEC to avoid the later stages of a GDE thereby facilitating more efficient and economic operation of Transco's pipeline system. It is also possible that allowing the market to continue for longer into a GDE would better facilitate competition between Users. Views have, however, been expressed in the representations that do not support this argument and dispute whether any additional gas would become available as System Entry Points as a result of the implementation of this Proposal.

4. The implications for Transco of implementing the Modification Proposal , including a) implications for the operation of the System:

Implementation of this Proposal might affect the operation of the System in the event of a GDE should the NEC decide to use its discretion and not suspend normal commercial balancing. Transco, however, considered that this may deliver benefits arising from maximising gas flows into the System but invited views of respondents to inform the Final Modification Report. These views, which do not always support this argument, have been included in the Summary of Responses.

b) development and capital cost and operating cost implications:

Transco has not identified any development or capital cost implications and considers that any implications on operating costs would be minor.

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 does not propose to recover any costs arising from the implementation of this Modification Proposal.

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

Transco is not aware of any consequences that implementation of this Modification Proposal would have on 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

Transco is not aware of any change in the level of contractual risk.

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

Transco is not aware of any development or other implications for computer systems arising from the implementation of this Modification Proposal.

7. The implications of implementing the Modification Proposal for Users

Transco considered that Users would have an increased commercial opportunity to address the supply/demand deficit which is a characteristic of a GDE. In maximising gas flows onto the System, implementation might also reduce the risk of proceeding to Stage 3 of a GDE.

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

The implications of a GDE would extend to all parts of the gas chain including Non-Network Code Parties. It would therefore be expected that any benefits arising from maximising commercial opportunities to address the supply/demand deficit and reducing the risk of firm demand would apply to various gas industry participants. The view has been expressed, however, in representations that producers might potentially face an increased financial risk were the OCM and as a consequence normal cash-out arrangements, to continue at the same time as Terminal Operators were maximising flows onto the System.

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

Transco is not aware of any such consequences.

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

Transco has identified the following advantages arising from implementation:

- If the NEC used its discretion there would be an extended period for market mechanisms to address the supply/demand deficit which is consistent with efficient operation of the System; and
- By reducing the risk of proceeding to Stage 3 of a GDE, implementation would, in consequence, reduce the need for curtailment of firm demand and for claims of financial loss.

Transco has identified the following disadvantage arising from implementation:

- Extending the period of operation of commercial balancing might encompass a period of considerable price volatility which would set high cash-out prices for that Day if the GDE did not proceed to Stage 3.

- Some increases in the financial risks might be faced by Users and other parties as a consequence of maximising the flows at System Entry Points onto the System.

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

12 responses were received to the consultation:

Respondent	Response
Association of Electricity Producers (Ass El Prod)	Against
British Gas Trading (BGT)	Against
BP Energy (BP)	Against
ConocoPhillips (UK) Ltd Gas & Power Europe (ConocoPhillips)	Against
EDF Energy (EDF)	For
Entergy-Koch Trading Limited (EKTL)	For
ExxonMobil Gas Marketing (ExxonMobil)	For
Innogy plc (Innogy)	Against
PowerGen UK plc (PowerGen)	For
Shell Gas Direct Ltd (SGD)	Against
Scottish and Southern Energy Ltd (SSE)	For
Total Gas and Power Limited and Total E&P UK plc (Total)	Against

Incentivising Increases in Gas Flows at Entry or Reductions at Exit

Whilst not in favour of implementation, Ass El Prod agreed "that facilitating a market response to an emergency may encourage more flexibility to be offered via the OCM and possibly prevent further escalation of the emergency." Similarly, BP stated that producers were "generally best incentivised when market rules remain in place." ConocoPhillips believed that implementation would "adversely incentivise shippers to offer gas that is already flowing." EDF commented that implementation would "allow any market participants a final chance to offer any flexibility they might have and maximise the commercial opportunity". EKTL considered that "if Transco and the NEC are taking prudent action in a continuing market, then this may elicit a useful response in terms of supply/demand balancing. ExxonMobil envisaged "some situations where a stronger signal from the NEC could encourage exceptional market solutions" and by inference reduce the probability of moving onto Stage Three. Innogy questioned the clarity of reasoning which concluded that retaining the option of using the OCM at Stage Two would attract gas that was not available at Stage One. Instead Innogy suggested that market participants might "wait and weigh up the risk of load shedding in stage 3 against the potential for a higher value for their gas at an earlier stage". Innogy whilst recognising that additional flexibility should be encouraged, believed that "this needs to be offered at stage 1." SGD stated that "no clear explanation has been provided as to how permitting the use by Transco of the OCM during Stage 2 of an emergency would increase the potential to avoid Stage 3". SGD commented on the lack of evidence in support of Transco's statement that "limited participation at Stage 1 might be driven by User and end-consumer concerns that the NEC might make a premature declaration of Stage 1." Whilst noting the statements made in the Draft Modification Report, Total noted the lack of "quantitative analysis or detailed research into the likely impediments or behavioural characteristics that may lead these users to modify their flow in a GDE." In respect of continental Interconnector flows, as an

interconnector user, Total believed that the suggestion that it might increase flows "woefully ignores the constraints imposed by the inflexibility within the nomination timetables, inability to procure flexible balancing tools and potential for significant imbalance charge exposure in the connected grid".

Transco's Comments

Transco noted that responses to Transco extending its OCM usage to Stage 2 included the following comments:

- further incentivise Users in making gas available at Stage 2
- have no effect in making gas available at Stage 2
- reduce the incentives on Users in making gas available in Stage 1

Those who did not believe that implementation was desirable drew attention to the lack of analysis and arguments in support of the opposite view. Transco would in this context acknowledge that any analysis is likely to be restricted in nature as there have not been any Network Gas Emergencies where behaviour in a live situation has been observed. However, it has been recognised in normal situations that operation of the OCM and other gas markets incentivise gas flows at Entry and Exit and it considers it is reasonable to conclude that these incentives should continue to be effective during a GDE.

Transco would link the comment on reducing incentives to Users in Stage 1 with the perception that the NEC might be premature in its declaration of Stage 1. The NEC would, of course, in its management of a Network Gas Supply Emergency, seek to perform its duties to the standard of a Reasonable and Prudent Operator. However, consistent with this standard of management, it would not be hesitant in making a Stage 1 declaration based on the best information available to it at the time. There might, therefore, be circumstances where, in retrospect, the NEC would appear to have been overcautious in so far as more accurate information, had it been available, would have led it to make a different decision. It is this type of circumstance that led Transco to suggest that there would be instances of premature declaration in the eyes of certain parties and that this might influence their behaviour. Transco would concur, in addition to the scenarios in which Users might be hesitant in making gas available during Stage 1, the prospect of retaining market operation within Stage 2 might reinforce this hesitancy. However, Users would be aware that the NEC would not necessarily use the discretion that implementation of this Modification Proposal would provide and scenarios have been developed which envisage declaration of Stage 3 soon after or coincident with a Stage 2 declaration where such discretion would not apply. It might, therefore, be concluded that implementation of this Proposal would have a neutral effect particularly if Users responded to a Stage 1 declaration by maximising gas availability on the OCM.

Transco notes the comments made by continental Interconnector users. Whilst there might be limits to the flexibility of commercial nomination arrangements, it would still be desirable to maximise the opportunity for such Users to use whatever flexibility they might have. This would indicate extending market arrangements until a Stage 3 declaration became necessary or until it became clear that no additional balancing gas was going to become available either through the continental Interconnector or by voluntary demand-side reductions. However, Transco considers it sensible to provide a period of time for continental Interconnector parties

to consider whether any scope may exist for additional nomination flexibility and to establish the necessary arrangements.

Interaction of NEC Instructions with Market Operation

Ass El Prod expressed the belief that if "command and control" were to exist alongside market operation "shippers with beach gas become distressed sellers of gas that will be delivered and allocated to them irrespective of their nominations". BGT stated its opinion that "where shippers are directed to maximise flows by the NEC, Transco would have no reason to purchase this gas via the OCM as they would know that the gas would be delivered regardless." BGT concluded from this "that shippers who following the NEC directions may receive a price that is vastly inferior to the price that shippers who are selling gas on the OCM receive, even though their gas may be playing a vital role in maintaining system integrity." ConocoPhillips identified that providing the NEC with discretion over market suspension "would cause uncertainty among shippers and possible opportunity for gaming." It suggested "there must be some upper limit to which Transco may accept bids/offers on the OCM dictated by the highest priced gas available to them ie LNG." Innogy referred to the potential for confusion arising from "having administered prices and market-based prices applying to gas at different locations." SGD also highlighted the potential for increasing "the level of confusion in the market about what is happening during each Stage of the emergency". Total identified that where offshore operators followed DTI instructions they might be placed in a distressed position.

Transco's Comments

Transco would suggest that if the market were not suspended market prices would legitimately rise due to the underlying costs involved in providing balancing gas using demand-side curtailment or utilising sources of gas associated with high production costs. Providing that the OCM offers associated with such sources appeared to reflect these costs, Transco would accept them. In that event the User concerned would not be a distressed seller. Transco appreciates that it may not be possible to distinguish between high priced offers that reflect costs and those that take unreasonable advantage of a market opportunity but takes comfort in assurances given and in the powers that Ofgem have in investigating potential incidence of misuse of market power. Transco does not favour the publication of a single upper limit as this may be interpreted as indicating an "acceptable" offer price which might be either higher or lower than a price that reflects a User's costs. However, Transco does appreciate that there are some presently unresolved issues that would arise from "command and control" existing alongside market operation and for this reason is no longer recommending implementation at this time.

Consistency with Emergency Response Procedures

BP suggested that if this Modification Proposal were implemented, it would not work "alongside the upstream arrangements recently agreed between the industry, Transco, Ofgem and the DTI." and that "these recently-agreed processes and procedures are likely to require some amendment." SGD also referred to discussions with DTI in updating off-shore emergency arrangements. Whilst these are in draft form they include DTI directions to field operators and partners in the event of a Stage 2 declaration. SGD stated that it could not see "(and would particularly welcome Ofgem's views) how increased production could possibly send a market signal that would have a positive effect on Interconnector imports or load shedding. Surely, increased supply (if there is any supply available after Stage 1) would

dampen price signals." Total also referred to these emergency response procedures and that they were "a set of arrangements that is required for emergencies to be managed successfully."

Transco's Comments

Transco appreciates the work of those involved in agreeing the emergency arrangements. It does not, however, believe that the principles behind such arrangements are necessarily incompatible with those that would apply if this Modification Proposal were implemented. Whilst the offer of beach gas that is the subject of a DTI direction might moderate prices on the OCM, in supply/demand terms Transco still believes that there would be a need for balancing gas. In this situation Transco does not consider that gas prices would fall to levels below those that represent the costs associated with making that gas available. Transco, however, recognises that the recently agreed upstream arrangements were agreed on the basis that Transco's use of the OCM would be suspended and considers that this Modification Proposal should not be implemented until more consensus has been achieved and upstream parties have been given the opportunity to agree procedures that reflect any extension of market arrangements.

NEC Discretion and Information Release

Ass El Prod suggested Transco consider "how it could alert the industry earlier of a potential emergency or for there to be an additional stage during the emergency after emergency interruption at stage one but before stage two is declared so that additional beach gas could be traded on the OCM and demand side bids placed where possible" BGT expressed concerns at the discretion in respect to suspension of market arrangements. In particular "Transco have not set out clearly the grounds on which they will make any decision on whether or not to suspend the market. BGT feels absence of clear criteria may lead to the market being suspended too early or too late...." BP stated in respect of discretion: "what is needed are strict auditable guidelines." ConocoPhillips suggested that where "Transco is allowed discretion, there must be some upper limit to which Transco may accept bids/offers on the OCM dictated by the highest priced gas available to them ie LNG, otherwise there is no incentive on Transco to stop taking any and all that is offered to them irrespective of price and likelihood of gas being delivered." EKTL were of the view that the existence of discretion "implies flexibility to assess and reassess constantly changing information. In terms of operational rules, the most useful thing for market participants will be regular informative updates on how an emergency situation is being resolved, and information on whether the NEC considers that the market should be suspended or reactivated. The publication of a view will give market players a better idea of the nature of the emergency and provide a further signal of the types of response required by the NEC. Information transparency is vital for markets in any circumstance, but takes on more importance during times of system stress."

Transco's Comments

Transco confirms its belief that flexibility is required in order to respond to a developing emergency situation and does not believe that strict operational guidelines are consistent with this. However, Transco would seek to keep Users informed of progress in any Network Gas Supply Emergency. It believes that in doing so Users would respond not only on the basis of market signals that such information would provide, but also in recognition that the response of

the Community as a whole would assist in minimising the risk of proceeding to Stage 3 of the GDE.

It should be noted that the NEC is required to provide a report to HSE following the conclusion of a Network Gas Supply Emergency and that this report would allow an independent review of actions taken by the NEC and Transco in minimising the effects of that emergency. Transco believes that this would go some way to address the request for auditability in the actions taken.

Transco has already addressed the issue of an upper limit for offer acceptance.

Interactions with the Electricity Regime

Ass El Prod stated that "Any loss of gas fired generation through emergency interruption at stage one, firm load shedding at stage three or self interruption at any time will have an impact on the electricity market. Depending on the amount of generation lost this could range from one participant facing imbalance costs where they were interrupted at short notice through to escalating BSUoS charges as NGC accepts higher priced offers for increased generation to manage the supply/demand balance or to manage developing constraints. In the limit a gas emergency may cause an emergency on the electricity system, clearly there needs to be greater consideration of these interactions." SSE also believed there were "wider issues at stake in relation to emergency arrangements particularly in relation to the impact on the electricity market. For instance it may be appropriate to consider how further use could be demand side flexibility, particularly gas fired generation. However consideration then needs to be given to energy imbalance and cashout exposure in electricity and how this would be compensated for. There is a risk that a gas emergency could lead to an emergency in the electricity system."

Transco's Comments

Transco concludes that whilst potential interactions between gas and electricity need to be carefully considered, implementation of this Modification Proposal would not in itself increase the existing risk that management of a Network Gas Supply Emergency would lead to an emergency in the electricity system.

Alternative Suggestions

On the demand side, Ass El Prod detailed potential limits in participation on the OCM and stated that "generators/shippers may be unwilling to renegotiate supply contracts". To overcome this perceived barrier, Ass El Prod stated that if "Transco were to contract directly with generators, and other large customers, with confidence that consequential costs would be covered then a substantial demand-side response might be available and possibly prevent the further escalation of an emergency." SGD mentioned that typical supply agreements are "relatively standard and negotiations tend to focus on price, start date, etc. To introduce negotiations in respect of emergencies will add cost with minimal apparent potential benefit to either party." SGD suggested that one of the issues to be discussed within the context of the Exit Review should be "options in the types of contracts that customers can enter into with Transco. This may be a way of facilitating short term interruptions of large firm loads under very specific situations." Total also pointed out that the low probability of GDE occurring had led to a "situation where the willingness simply does not occur, on the part of shippers and/or end-users to make the intellectual and commercial investment required, to develop load

shedding contracts in advance of an emergency." From this, Total suggested that Transco "explore the possibility of contracting directly with end-users."

On the supply side, Total highlighted issues in offshore producers attributing gas to their customers in the event that they respond to a DTI direction to maximise flows. It therefore suggested that where Directions are being issued under an Order in Council, Transco should become the emergency buyer.

BGT also identified alternative approaches that did not appear to have been considered including Transco "entering into commercial agreements with Interconnector Shippers to stop exporting gas during Gas Supply Emergencies and Transco participating in other markets such as the market at Zeebrugge Hub." BGT also highlighted the contractual obligations on Interconnector Shippers and stated that "the cost of sourcing suitable alternatives is likely to prove a significant barrier to encouraging the desired behaviour of the interconnector during a gas supply emergency."

BGT expressed the view that an opportunity would be needed to comment on the whole package once development of Modification Proposal 0636 was complete.

ConocoPhillips expressed the view that the emergency cash-out price should be twice or three times its present value and that this Modification Proposal highlighted its "concern regarding the continuation of an INS charge."

Transco's Comments

Transco welcomes these suggestions and notes the synergy between these and the development of the Exit Regime. Transco, however, does not believe that it would be practicable to develop contracts with producers and end-users in the short term even if DTI were willing to make Orders in Council that allowed Transco to source gas from these parties in an emergency. Transco is disappointed that there has apparently been little development of contracts between Users and end-users to maximise participation in Stage 1 of an emergency particularly as such contracts would reduce the risk of the NEC having to make a Stage 2 or 3 declaration.

Within the consultation process for Modification Proposal 0636 an opportunity will be given for comments on any interactions with this Proposal.

Transco would draw the attention of Users to the rejection of Modification Proposals 0502 and 0568 which embodied higher cash-out prices. It believes that specific discussion on INS charges would be appropriate if concerns with this charge were not resolved.

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

Transco is not aware of any such requirement.

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

Transco is not aware of any such requirement.

14. Programme of works required as a consequence of implementing the Modification Proposal

Transco is not aware of any such programme of works.

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

Transco believes that if implementation of the Modification Proposal were approved it should be implemented until the necessary material changes to Transco's Safety Case were approved.

16. Recommendation concerning the implementation of the Modification Proposal

Transco's view is that this Modification Proposal should not be implemented.

17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal

This Modification Report contains Transco's proposal not to modify the Network Code and Transco now seeks agreement from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

Transco does not recommend implementation and has not prepared any legal text.

Signed for and on behalf of Transco.

Signature:

Mike Calviou
Head, Commercial Frameworks
NT & T

Date: