31/08/2004

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0687

"Alignment with Transco Licence Changes Relating to the Treatment of the Costs of Locational Actions in Transco's SO Incentive Schemes"

Please note that Modification Proposal No 0687 will be implemented with effect from 06:00 hours on 01/09/2004. The Final Modification Report, Version 1.0, was signed by Ofgem on 27/08/2004.

The new Network Code text resulting from this Modification follows.

Modified Text:

Section B

Amend paragraph 2.13.2 to read as follows:-

"(a) "**Relevant Capacity Revenues**" are the aggregate of the amounts payable to Transco by Users:

(i) by way of Capacity Charges in respect of:

(1) ……;

(2) ……; and

(3) ……,

at the Aggregate System Entry Point;

(ii) by way of System Entry Overrun Charges; and

(iii) where any User has…….paragraph 5.5.2(b)~~,~~; and

(iv) by way of Market Balancing Action Charges in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and

(v) by way of any other amounts payable to Transco in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and

(vi) by way of Physical Renomination Incentive Charges,

in respect of such Day;

(b) "**Relevant Capacity Costs**" are the aggregate of the amounts payable by Transco to Users by way of:

(i) Capacity Management Charges……; and

(ii) Aggregate Constraint Amounts pursuant to Section I3.7.2,

in relation to the Aggregate System Entry Point in respect of such Day;~~.~~

(iii) Market Balancing Action Charges in respect of each Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint; and

(iv) any other amounts in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements as a result of a Localised Transportation Deficit and/or a Transportation Constraint."

Section F

Amend paragraph 4.4.2(a) to read as follows:-

"(a) the Market Balancing Action Charges payable to Transco in respect of each Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day (other than any Market Balancing Sell Action (or negatively priced Market Balancing Buy Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint) and any other amounts payable to Transco in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint) in respect of such Day;"

Delete paragraph 4.4.2(d) and amend paragraph 4.4.2(e) to be paragraph 4.4.2(d)

Amend paragraph 4.4.3(a) to read as follows:-

"(a) the Market Balancing Action Charges payable by Transco in respect of each Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day (other than any Market Balancing Buy Action (or negatively priced Market Balancing Sell Action) taken for that Day as a result of a Localised Transportation Deficit and/or a Transportation Constraint) and any other amounts payable by Transco in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint) in respect of such Day;"

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

"(ii) the amount of any Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised

Transportation Deficit and/or a Transportation Constraint), Total Incentivised Nomination Charges….."

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

"(ii) the amount of any Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Total Incentivised Nomination Charges….."

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

"(iii) the amount of any interest paid (in accordance with Section S4.3.2) by any User to Transco on any Day in month m by virtue of the late payment of Market Balancing Action Charges (other than Market Balancing Action Charges in relation to any Market Balancing Action taken as a result of a Localised Transportation Deficit and/or a Transportation Constraint), other amounts payable in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements (other than as a result of a Localised Transportation Deficit and/or a Transportation Constraint), Total Incentivised Nomination Charges….."

Yours sincerely,

Julian Majdanski
Modification Panel Secretary