

21/09/2005

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0044**

"Revised Emergency Cash-out & Curtailment Arrangements"

Please note that Modification Proposal No 0044 will be implemented with effect from 06:00 hours on 01/10/2005. The Final Modification Report, Version 2.0, was signed by Ofgem on 16/09/2005.

The new Code text resulting from this Modification follows.

**Modified Text:**

**UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT  
SECTION F - SYSTEM CLEARING, BALANCING CHARGES AND  
NEUTRALITY**

*Amend paragraph 4.4.2 to read as follows:*

“4.4.2 “**Aggregate System Receipts**” for a Day.....:

- (a) .....
- (b) .....
- (c) .....
- (d) .....that Day; ~~and~~
- (e) .....that Day-; and
- (f) the amounts received by Transco NTS from Users pursuant to Section Q6.2 or Section Q6.3 in respect of Users’ Emergency Curtailment Quantity relating to that Day or any revisions thereto.”

*Amend paragraph 4.4.3 to read as follows:*

“4.4.3 “**Aggregate System Payments**” for a Day.....:

- (a) .....
- (b) .....that Day; ~~and-~~

- (c) the amounts payable by Transco NTS to Users pursuant to Section Q6.2 or Section Q6.3 in respect of Users' Emergency Curtailment Quantity relating to that Day or any revisions thereto"

**UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT**  
**SECTION G - SUPPLY POINTS**

*Insert the following as new paragraph 1.20:*

**"1.20 Reduction of Offtake at Firm Supply Points**

1.20.1 Where, in relation to any Firm Supply Point (but without prejudice to Section C in relation to Renominations), the Registered User or supplier:

- (a) exercises (other than pursuant to an instruction from a Transporter pursuant to Section Q) any entitlement to require the consumer to discontinue consuming gas offtaken from the Total System on a Day; or  
(b) having exercised such an entitlement, authorises the consumer to resume such consumption

the Registered User will as soon as reasonably practicable, and in accordance with paragraph 1.20.3, inform the Transporter of the matters set out in paragraph 1.20.2, provided that the Registered User shall use reasonable endeavours to inform the Transporter not more than one hour after such discontinuance and/or not less than one hour before such resumption.

1.20.2 The matters to be informed by the Registered User to the Transporter pursuant to paragraph 1.20.1 are:

- (a) the identity of the Firm Supply Point;  
(b) the time with effect from which the consumer will be required to discontinue, or authorised to resume, consumption; and

an estimate of the amount by which the quantity of gas offtaken will increase or decrease as a result of such discontinuance or resumption.

1.20.3 For the purposes of paragraph 1.20.1 the User will give the relevant information to the Transporter by means of telephone or facsimile, unless it has given to the Transporter not less than one month's notice of its intention to give such information by Batch Transfer Communication, in which case such User will give information to the Transporter for the purposes of paragraph 1.20.1 only by Batch Transfer Communication, and will promptly inform the Transporter by telephone or facsimile of the transmission of each such Batch Transfer Communication.

1.20.4 Where the Transporter notifies a User that it is unable satisfactorily to access a Batch Transfer Communication transmitted pursuant to paragraph 1.20.3, that User will promptly send to the Transporter by facsimile the information contained in that Batch Transfer Communication."

**UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT**  
**SECTION Q - EMERGENCIES**

*Amend paragraph 3.4.1 to read as follows:*

“3.4.1 Where .....

- (a) .....
- (b) .....
- (c) .....
- (d) .....

Where a Transporter has taken Emergency Steps that require the reduction or discontinuance of offtake of gas as set out above, and the Transporter subsequently determines that such reduction or discontinuance of offtake of gas is no longer required or will be no longer required at a certain time, then the Transporter will so notify Users specifying the time (where later than the time of such notification) at which such reduction or discontinuance of offtake of gas is no longer required.

In addition, the provisions of paragraph 6 of this Section Q shall apply following any reduction or discontinuance of offtake of gas pursuant to this paragraph 3.4.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Network Gas Supply Emergency Critical Transportation Constraint Emergency).”

*Amend paragraph 3.4.5 to read as follows:*

“3.4.5 The relevant provisions of G6 will apply for the purposes of Interruption in a Gas Supply Emergency (including a Potential Network Gas Emergency) or Local Gas Supply Emergency, except that:

- (a) the Transporter shall not be required to give 5 hours' notice of Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;
- (b) the User may not request an alteration pursuant to Section G 6.8.2 to the Supply Points to be Interrupted;
- (c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G 6.7.5;
- (d) the provisions of Section G 6.9 (other than Section G 6.9.2(a)) in respect of a failure to Interrupt shall not apply.

In addition, the provisions of paragraph 6 of this Section Q shall apply following Interruption in a Network Gas Supply Emergency (including a Potential Network Gas Emergency) (other than a Network Gas Supply Emergency Critical Transportation Constraint Emergency or a Potential Network Gas Supply Emergency Critical Transportation Constraint Emergency).”

*Amend paragraph 4.1.1 to read as follows*

“4.1.1 In respect of each Day or part of a Day during a Network Gas Supply Emergency Gas Deficit Emergency:

- (a) .....
- (b) Section C (other than paragraph 5 thereof) will not apply, except to the extent to which Transco NTS may wish to use the Nomination process as a means for Users to communicate with Transco NTS
- (c) .....
- (d) .....
- (e) .....
- (f) .....
- (g) .....
- (h) .....; and
- (i) the Transporters may by notice to Users suspend the implementation (as respects all Users) of any of the provisions of Section G (other than paragraph 6.6.5 thereof).

*Amend paragraph 4.2.2 to read as follows:*

“4.2.2 In respect of each Day during a Network Gas Supply Emergency Gas Deficit Emergency:

- (a) Transco NTS shall pay to each User who delivered on a Day more gas to the Total System than it offtook on such Day an amount determined as the User's Daily Imbalance multiplied by the relevant price, subject to paragraph 4.2.5;
- (b) each User who offtook on a Day more gas from the Total System than it delivered on such Day shall pay to Transco NTS an amount determined as the User's Daily Imbalance multiplied by the relevant price.

For the purposes of this paragraph 4.2.2, and pursuant to the provisions of paragraph 6.2.1, a User's Daily Imbalance shall include that User's Emergency Curtailment Quantity.”

*Amend paragraph 4.2.3 to read as follows:*

“4.2.3 For the purposes of this paragraph 4.2 ~~the ‘relevant price’ is:~~

- (a) the “relevant price” In respect of paragraph 4.2.2 (a) is the System Average Price determined under Section F1.2.1 or F1.2.2; and
- (b) the “relevant price” in respect of paragraph 4.2.2 (b) is the System Marginal Buy Price as determined under Section F1.2.1 (a) ~~the Value of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2~~

In each case but by reference to ~~the 30 days preceding~~ the Day on which the Network Code Gas Supply Emergency Gas Deficit Emergency started”

*Insert the following as new paragraph 6:*

## **“6. EMERGENCY CURTAILMENT**

### **6.1 Definitions**

6.1.1 For the purposes of the Code:

(a) “Emergency Curtailment” means either:

- (i) Interruption due to a Network Gas Supply Emergency (including a Potential Network Gas Supply Emergency) other than a Network Gas Supply Emergency Critical Transportation Constraint Emergency or a Potential Network Gas Supply Emergency Critical Transportation Constraint Emergency; or
- (ii) any reduction or discontinuance of offtake of gas pursuant to paragraph 3.4.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Network Gas Supply Emergency Critical Transportation Constraint Emergency);

(b) “Emergency Curtailment Trade Price” means the value (in pence/kWh) of the arithmetic mean of the System Average Prices determined under Section F1.2.1 or F1.2.2 but by reference to the 30 Days preceding the Day on which the Emergency Curtailment occurred; and

(c) “Emergency Curtailment Quantity” means, in respect of a User, the quantity of gas calculated by Transco NTS as being the sum of the aggregate quantities of gas (in kWh) which each Transporter reasonably estimates (based on the information available to it at the time of making such estimate) that User would have offtaken from the relevant Transporter’s System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points.

### **6.2 Emergency Curtailment Trade Arrangements**

6.2.1 In the event that Emergency Curtailment occurs, then each User that has an Emergency Curtailment Quantity authorises Transco NTS to make a Disposing Trade Nomination on behalf of the User, and Transco NTS will make a corresponding Acquiring Trade Nomination, in each case for the User’s Emergency Curtailment Quantity.

6.2.2 Transco NTS will pay to each User an amount determined as the User’s Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.

6.2.3 In the event that further Emergency Curtailment is required in respect of a Day, or Emergency Curtailment that had previously occurred in respect of that Day is removed, then Transco NTS shall calculate a revised Emergency Curtailment Quantity for each User based on any updated estimates provided to it by the Transporters, and:

- (a) where the effect is such that a User’s revised Emergency Curtailment Quantity is greater than the User’s previously calculated Emergency

Curtailment Quantity, each such User authorises Transco NTS to make a Disposing Trade Nomination on behalf of the User, and Transco NTS will make a corresponding Acquiring Trade Nomination, in each case for the difference between the User's revised Emergency Curtailment Quantity and the User's previously calculated Emergency Curtailment Quantity; and

- (b) where the effect is such that a User's revised Emergency Curtailment Quantity is less than the User's previously calculated Emergency Curtailment Quantity, each such User authorises Transco NTS to make a Acquiring Trade Nomination on behalf of the User, and Transco NTS will make a corresponding Disposing Trade Nomination, in each case for the difference between the User's previously calculated Emergency Curtailment Quantity and the User's revised Emergency Curtailment Quantity.

6.2.4 In the circumstances set out in:

- (a) paragraph 6.2.3(a), Transco NTS will pay to the User an amount determined as the difference between the User's revised Emergency Curtailment Quantity and the User's previously calculated Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price;
- (b) paragraph 6.2.3(b), the User will pay to Transco NTS an amount determined as the difference between the User's previously calculated Emergency Curtailment Quantity and the User's revised Emergency Curtailment Quantity multiplied by the Emergency Curtailment Trade Price.

6.2.5 Transco NTS will not pay Balancing Charges, Balancing Neutrality Charges, Scheduling Charges or Daily Imbalance Charges as a result of Trade Nominations occurring as a result of the operation of paragraphs 6.2.1 or 6.2.3.

6.2.6 For the avoidance of doubt, any amounts payable by Transco NTS pursuant to paragraph 6.2.2 or 6.2.4 shall not be included in the calculation of the System Marginal Buy Price, the System Marginal Sell Price or the System Average Price pursuant to Section F1.2 for the Day to which the Emergency Curtailment Quantity relates.

6.2.7 Where, following the end of a Day, a User (the "**claimant**") believes that it ought to have had a different Emergency Curtailment Quantity to that determined pursuant to this paragraph 6 and applicable at the end of the Day in question:

- (a) the claimant may, within such time as Transco NTS shall reasonably require, submit to Transco NTS a claim that it ought to have had a different Emergency Curtailment Quantity, together with details of the basis on which it believes it ought to have had a different Emergency Curtailment Quantity;
- (b) Transco NTS will (in consultation with the UNC Committee) appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise Transco NTS of whether the claim appears to the claims reviewer to be justified and the Emergency Curtailment Quantity which (in the claims reviewer's opinion) the claimant should have had;

- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by Transco NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
- (e) in the event that either the claimant or Transco NTS disagrees with the claims reviewer's decision, it may refer the matter to the Authority, and the Authority may determine either that the claims reviewer's decision was correct or may direct that a different Emergency Curtailment Quantity to that determined by the claims reviewer should be used; and
- (f) where the claims reviewer advises (or, following a referral by either Transco NTS or the claimant pursuant to paragraph (e), the Authority determines) that the User's Emergency Curtailment Quantity calculated by Transco NTS pursuant to this paragraph 6 was larger or smaller than it ought to have been, then the provisions of paragraph 6.3 shall apply.

6.2.8 In respect of any Shared Supply Meter Point, the Registered Users of such Shared Supply Meter Point (or an agent acting on behalf of such Registered Users) shall, not more than one (1) hour after the occurrence of any Emergency Curtailment, notify the relevant Transporter of the proportions in which the relevant Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment. If no such proportions have been provided, the Transporter shall allocate between the Registered Users of such Shared Supply Meter Point the quantity of gas that would have been offtaken at such Shared Supply Meter Point but for any Emergency Curtailment in proportions based on the Transporter's reasonable estimate of the quantity of gas that each Registered User would have offtaken at the Shared Supply Meter Point but for the Emergency Curtailment.

6.2.9 As soon as reasonably practicable after the end of a Day on which Emergency Curtailment occurred (and in event, not later than 20:00 hours on 4th Day after the Day in question), each Transporter shall notify each User of the proportion of that User's Emergency Curtailment Quantity for that Day that relates to System Exit Points on that Transporter's System, together with the methodology used to calculate such proportion.

### **6.3 Emergency Curtailment Adjustment**

6.3.1 Where the provisions of this paragraph 6.3 apply, then:

- (a) where the User's Emergency Curtailment Adjustment Quantity is positive, Transco NTS will pay the User an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge; and

- (b) where the User's Emergency Curtailment Adjustment Quantity is negative, the User will pay Transco NTS an amount equal to the User's Emergency Curtailment Adjustment Clearing Charge.

6.3.2 For the purposes of this paragraph 6.3:

- (a) in respect of each Day, a User's "Emergency Curtailment Adjustment Quantity" is the amount by which the User's Emergency Curtailment Quantity advised by the claims reviewer (or, following a referral by either Transco NTS or the claimant pursuant to paragraph 6.2.7(e), determined by the Authority) differs from the User's Emergency Curtailment Quantity estimated by the Transporters;
- (b) "Emergency Curtailment Adjustment Clearing Charge" is an amount equal to the User's Emergency Curtailment Adjustment Quantity multiplied by the Emergency Curtailment Trade Price.

6.3.3 A User's Emergency Curtailment Adjustment Quantity is positive where the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority) is greater than the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6, and is negative where the User's Emergency Curtailment Quantity established by the Transporters in accordance with this paragraph 6 is greater than the User's Emergency Curtailment Quantity advised by the claims reviewer (or determined by the Authority).

6.3.4 In addition to the amounts payable pursuant to paragraph 6.3.1:

- (a) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative, then Transco NTS shall pay to the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant price (as defined in paragraph 4.2.3(a)) applicable to such Day;
- (b) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay Transco NTS an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant price (as defined in paragraph 4.2.3(a)) applicable to such Day;
- (c) where the User's Daily Imbalance is positive in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then the User shall pay Transco NTS;



- (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant price (as defined in paragraph 4.2.3(a)) applicable to such Day; plus
- (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant price (as defined in paragraph 4.2.3(b)) applicable to such Day;
- (d) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is positive, then the User shall pay to Transco an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant price (as defined in paragraph 4.2.3(b)) applicable to such Day;
- (e) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then Transco NTS shall pay the User an amount equal to the Emergency Curtailment Adjustment Quantity multiplied by the relevant price (as defined in paragraph 4.2.3(b)) applicable to such Day;
- (f) where the User's Daily Imbalance is negative in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, and the Emergency Curtailment Adjustment Quantity is negative (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates), then Transco NTS shall pay the User:
  - (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates multiplied by the relevant price (as defined in paragraph 4.2.3(b)) applicable to such Day; plus
  - (ii) an amount equal to the sum of the Emergency Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Emergency Curtailment Adjustment Quantity relates, multiplied by the relevant price (as defined in paragraph 4.2.3(a)) applicable to such Day.

## **UNIFORM NETWORK CODE - OFFTAKE ARRANGEMENTS DOCUMENT**

### **SECTION C - SAFETY AND EMERGENCY**

*Insert the following as new paragraphs 2.7.5 and 2.7.6:*

“2.7.5 In the event of Emergency Curtailment occurring in respect of a Day, each DNO shall provide Transco NTS as soon as reasonably practicable with the DNO’s best estimate of the aggregate quantity of gas (in kWh) that each User would have offtaken during that Day from each LDZ at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points.

2.7.6 In the event that further Emergency Curtailment is required in respect of a Day, or Emergency Curtailment that had previously occurred in respect of that Day is removed, then the relevant DNO shall provide Transco NTS as soon as reasonably practicable with the DNO’s best revised estimate of the aggregate quantity of gas (in kWh) that each User would have offtaken in that Day from each LDZ at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points.”

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary