

02/12/2005

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0052**

"Storage Withdrawal Curtailment Trade Arrangements in an Emergency"

Please note that Modification Proposal No 0052 will be implemented with effect from 06:00 hours on 05/12/2005. The Final Modification Report, Version 3.0, was signed by Ofgem on 02/12/2005.

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;
- (e) .....that Day; ~~and~~
- (f) .....; and
- (g) the amounts received by National Grid NTS from Users pursuant to Section Q7.2 or Section Q7.3 in respect of Users' Storage Withdrawal 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) .....; and

- (d) the amounts payable by National Grid NTS to Users pursuant to Section Q7.2 or Section Q7.3 in respect of Users' Storage Withdrawal Curtailment Quantity relating to that Day or any revisions thereto"

## **UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT**

### **SECTION Q - EMERGENCIES**

*Insert a new paragraph 3.3.4 to read as follows:*

"3.3.4 In a Network Gas Supply Emergency Gas Deficit Emergency (including a Potential Network Gas Supply Emergency Gas Deficit Emergency), where the operator of any relevant Storage Facility reduces or ceases the delivery of, or refrains from delivering (as the case may be), gas to the Total System at the relevant Storage Connection Point following a request to do so by the NEC (through National Grid NTS), then the provisions of paragraph 7 shall apply."

*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) National Grid 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 National Grid 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 paragraphs 6.2.1, and 7.2.1, a User's Daily Imbalance shall include that User's Emergency Curtailment Quantity and Storage Withdrawal Curtailment Quantity."

*Insert the following as new paragraph 7:*

## **7. STORAGE WITHDRAWAL CURTAILMENT**

### **7.1 Definitions**

7.1.1 For the purposes of the Code:

- (a) "Storage Withdrawal Curtailment" means the reduction or cessation of delivery of gas to the Total System from a Storage Facility at the relevant Storage Connection Point by the Storage Operator following a request to do so by the NEC (through National Grid NTS);
- (b) "Storage Withdrawal 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 Storage Withdrawal Curtailment occurred;
- (c) "Storage Withdrawal Curtailment Quantity" means, in respect of a User, the quantity of gas calculated by that User as being the sum of the aggregate quantities of gas (in kWh) that the User reasonably estimates it would have

delivered (in accordance with the relevant Storage Terms) on a Day to the Total System at Storage Connection Points in respect of which Storage Withdrawal Curtailment has occurred but for the fact that Storage Withdrawal Curtailment had occurred at those Storage Connection Points, less the quantities of gas (if any) actually delivered by the User on that Day to the Total System at the Storage Connection Points in question or the quantities of gas (if any) that the User estimates will actually be delivered by the User on that Day to the Total System at the Storage Connection Points in question: provided that a User's Storage Withdrawal Curtailment Quantity in respect of each Storage Facility for any Day may not exceed a quantity equal to the lesser of

- (i) the User's Available Curtailment Quantity on that Day; and
- (ii) the maximum available deliverability of the Storage Facility for that Day as provided to National Grid NTS by the Storage Operator for the relevant Storage Facility under the relevant Storage Connection Agreement;

(d) a User's "Available Curtailment Quantity" on a Day in relation to each Storage Facility is a quantity equal to the sum of:

- (i) the User's gas-in-storage in that Storage Facility immediately prior to the commencement of the Storage Withdrawal Curtailment in question; less
- (ii) the sum of the User's Storage Withdrawal Quantities in respect of that Storage Facility for each Day since the commencement of the Storage Withdrawal Curtailment in question; less
- (iii) the sum of the User's UDQOs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the commencement of the Storage Withdrawal Curtailment in question; plus
- (iv) the sum of the User's UDQIs in respect of the Storage Connection Point relating to that Storage Facility for each Day since the commencement of the Storage Withdrawal Curtailment in question.

For the avoidance of doubt, on the Day of the commencement of the Storage Withdrawal Curtailment in question, the User's Available Curtailment Quantity shall be a quantity equal to the User's gas-in-storage in that Storage Facility immediately prior to the commencement of the Storage Withdrawal Curtailment in question.

## **7.2 Storage Withdrawal Curtailment Trade Arrangements**

7.2.1 On each Day that Storage Withdrawal Curtailment occurs, then each User that has a Storage Withdrawal Curtailment Quantity will make an Acquiring Trade Nomination, and National Grid NTS will make a corresponding Disposing Trade Nomination, in each case for the User's Storage Withdrawal Curtailment Quantity. The User shall make its Acquiring Trade Nomination not later than 23:00 hours on

the Day to which it relates, and any such Acquiring Trade Nomination may be withdrawn at any time prior to National Grid NTS submitting the corresponding Disposing Trade Nomination but not otherwise.

7.2.2 Each User will pay to National Grid NTS an amount determined as the User's Storage Withdrawal Curtailment Quantity multiplied by the Storage Withdrawal Curtailment Trade Price.

7.2.3 In the event that a User's estimate of its Storage Withdrawal Curtailment Quantity is changed in respect of a Day, or Storage Withdrawal Curtailment that had previously occurred in respect of that Day is removed, then such User shall calculate a revised Storage Withdrawal Curtailment Quantity, and:

(a) where the effect is such that a User's revised Storage Withdrawal Curtailment Quantity is greater than the User's previously calculated Storage Withdrawal Curtailment Quantity, then the User will make an Acquiring Trade Nomination, and National Grid NTS will make a corresponding Disposing Trade Nomination, in each case for the difference between the User's revised Storage Withdrawal Curtailment Quantity and the User's previously calculated Storage Withdrawal Curtailment Quantity; and

(b) where the effect is such that a User's revised Storage Withdrawal Curtailment Quantity is less than the User's previously calculated Storage Withdrawal Curtailment Quantity, then each User that has a Storage Withdrawal Curtailment Quantity will make a Disposing Trade Nomination, and National Grid NTS will make a corresponding Acquiring Trade Nomination, in each case for the difference between the User's previously calculated Storage Withdrawal Curtailment Quantity and the User's revised Storage Withdrawal Curtailment Quantity.

7.2.4 In the circumstances set out in:

(a) paragraph 7.2.3(a), the User will pay to National Grid NTS an amount determined as the difference between the User's previously calculated Storage Withdrawal Curtailment Quantity and the User's revised Storage Withdrawal Curtailment Quantity multiplied by the Storage Withdrawal Curtailment Trade Price;

(b) paragraph 7.2.3(b), National Grid NTS will pay to the User an amount determined as the difference between the User's revised Storage Withdrawal Curtailment Quantity and the User's previously calculated Storage Withdrawal Curtailment Quantity multiplied by the Storage Withdrawal Curtailment Trade Price.

7.2.5 National Grid NTS shall use reasonable endeavours to submit the corresponding Disposing Trade Nomination or Acquiring Trade Nomination (as the case may be) pursuant to paragraph 7.2.1 or 7.2.3, or inform the User of its intention to refuse to submit the corresponding Disposing Trade Nomination or Acquiring Trade Nomination ( as the case may be) pursuant to paragraph 7.2.1 or 7.2.3, within one (1) hour of the User notifying its Acquiring Trade Nomination or Disposing Trade

Nomination to National Grid NTS. National Grid NTS shall be entitled to refuse to submit the corresponding Disposing Trade Nomination or Acquiring Trade Nomination (as the case may be) pursuant to paragraph 7.2.1 or 7.2.3 if the resulting Storage Withdrawal Curtailment Quantity exceeds a quantity equal to the lesser of:

- (a) the User's Available Curtailment Quantity in respect of the relevant Storage Facility; and
- (b) the maximum available deliverability of the relevant Storage Facility for that Day as provided to National Grid NTS by the Storage Operator for the relevant Storage Facility under the relevant Storage Connection Agreement.

7.2.6 National Grid 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 7.2.1 or 7.2.3.

7.2.7 For the avoidance of doubt, any amounts payable by National Grid NTS pursuant to paragraph 7.2.2 or 7.2.4 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 Storage Withdrawal Curtailment Quantity relates.

7.2.8 As soon as reasonably practicable after the removal of the Storage Withdrawal Curtailment (and in event, not later than the Entry Close Out Date in respect of the Day on which the Storage Withdrawal Curtailment was removed), the User shall (on the basis of its confirmed UDQIs in respect of a Storage Facility) advise National Grid NTS (by submitting a CQSCP Statement and a SWCQ Summary Statement) of any revisions required to the User's Storage Withdrawal Quantity in relation to the relevant Storage Facility for the Days in question. The provisions of paragraph 7.3 shall apply to any such revisions.

7.2.9 For the purposes of Code:

- (a) a "CQSCP Statement" is a statement prepared by a User in relation to each Storage Connection Point in respect of which it is a User and at which Storage Withdrawal Curtailment occurred on the Days in question specifying:
  - (i) the identity of the User to which the statement relates;
  - (ii) the Storage Connection Point to which the statement relates;
  - (iii) the name of the Storage Operator;
  - (iv) the User Allocation Agent in respect of the Storage Connection Point if different from the Storage Operator;
  - (v) the User's gas-in-storage in the Storage Facility at the start of the Day on which the Storage Withdrawal Curtailment commenced;
  - (vi) the User's prevailing Input Nomination at the time the Storage Withdrawal Curtailment commenced;

- (vii) the User's end of Day Input Nominations for all Days since the Storage Withdrawal Curtailment commenced;
  - (viii) the User's actual UDQIs at the Storage Connection Point for each Day since the Storage Withdrawal Curtailment commenced;
  - (ix) the User's estimated gas-in-storage in the Storage Facility at the end of each Day during which the Storage Withdrawal Curtailment continued;
  - (x) the User's estimated gas-in-storage in the Storage Facility at the end of each Day during which the Storage Withdrawal Curtailment continued less the User's cumulative estimated Storage Withdrawal Curtailment Quantity in respect of each Day during which the Storage Withdrawal Curtailment continued;
  - (xi) the User's actual gas-in-storage in the Storage Facility at the end of each Day during which the Storage Withdrawal Curtailment continued;
  - (xii) the User's actual gas-in-storage in the Storage Facility at the end of each Day during which the Storage Withdrawal Curtailment continued less the User's cumulative revised Storage Withdrawal Curtailment Quantity in respect of each Day during which the Storage Withdrawal Curtailment continued;
  - (xiii) the User's estimated Storage Withdrawal Curtailment Quantity in respect of each Day during which the Storage Withdrawal Curtailment continued; and
  - (xiv) the User's revised Storage Withdrawal Curtailment Quantity in respect of each Day during which the Storage Withdrawal Curtailment continued.
- (b) a "SWCQ Statement" is a statement prepared by a User specifying:
- (i) the identity of the User to which the statement relates;
  - (ii) the User's estimated Storage Withdrawal Curtailment Quantity for each Storage Connection Point in respect of each Day during which the Storage Withdrawal Curtailment continued;
  - (iii) the User's revised Storage Withdrawal Curtailment Quantity for each Storage Connection Point in respect of each Day during which the Storage Withdrawal Curtailment continued;
  - (iv) the total of the amounts specified pursuant to paragraph (ii); and
  - (v) the total of the amounts specified pursuant to paragraph (iii).

### **7.3 Storage Withdrawal Curtailment Adjustment**

7.3.1 Where the provisions of this paragraph 7.3 apply, then:



- (a) where the User's Storage Withdrawal Curtailment Adjustment Quantity is positive, the User will pay National Grid NTS an amount equal to the User's Storage Withdrawal Curtailment Adjustment Clearing Charge; and
- (b) where the User's Storage Withdrawal Curtailment Adjustment Quantity is negative, National Grid NTS will pay the User an amount equal to the User's Storage Withdrawal Curtailment Adjustment Clearing Charge.

7.3.2 For the purposes of this paragraph 7.3:

- (a) in respect of each Day, a User's "**Storage Withdrawal Curtailment Adjustment Quantity**" is the amount by which the User's Storage Withdrawal Curtailment Quantity advised by the User pursuant to paragraph 7.2.8 in respect of Day differs from the User's Storage Withdrawal Curtailment Quantity estimated by the User in accordance with paragraph 7.1.1(c) in respect of such Day;
- (b) "**Storage Withdrawal Curtailment Adjustment Clearing Charge**" is an amount equal to the User's Storage Withdrawal Curtailment Adjustment Quantity multiplied by the Storage Withdrawal Curtailment Trade Price; and

7.3.3 A User's Storage Withdrawal Curtailment Adjustment Quantity is positive where the User's Storage Withdrawal Curtailment Quantity advised by the User pursuant to paragraph 7.2.8 in respect of a Day is greater than the User's Storage Withdrawal Curtailment Quantity estimated by the User in accordance with paragraph 7.1.1(c) in respect of such Day, and is negative where the User's Storage Withdrawal Curtailment Quantity estimated by the User in accordance with paragraph 7.1.1(c) in respect of a Day is greater than the User's Storage Withdrawal Curtailment Quantity advised by the User pursuant to paragraph 7.2.8 in respect of such Day.

7.3.4 In addition to the amounts payable pursuant to paragraph 7.3.1:

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

to which the Storage Withdrawal Curtailment Adjustment Quantity relates), then National Grid NTS shall pay the User:

- (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates multiplied by the relevant buy price applicable to such Day; plus
  - (ii) an amount equal to the sum of the Storage Withdrawal Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates, multiplied by the relevant sell price applicable to such Day;
- (d) where the User's Daily Imbalance is positive in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates, and the Storage Withdrawal Curtailment Adjustment Quantity is positive, then National Grid NTS shall pay to the User an amount equal to the Storage Withdrawal Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (e) where the User's Daily Imbalance is positive in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates, and the Storage Withdrawal Curtailment Adjustment Quantity is negative (but is less in magnitude than the User's Daily Imbalance in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS an amount equal to the Storage Withdrawal Curtailment Adjustment Quantity multiplied by the relevant sell price applicable to such Day;
- (f) where the User's Daily Imbalance is positive in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates, and the Storage Withdrawal Curtailment Adjustment Quantity is negative (and is greater in magnitude than the User's Daily Imbalance in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates), then the User shall pay National Grid NTS:
- (i) an amount equal to the User's Daily Imbalance in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates multiplied by the relevant sell price applicable to such Day; plus
  - (ii) an amount equal to the sum of the Storage Withdrawal Curtailment Adjustment Quantity less the User's Daily Imbalance in respect of the Day to which the Storage Withdrawal Curtailment Adjustment Quantity relates, multiplied by the relevant buy price applicable to such Day.

7.3.5 For the purposes of paragraph 7.3.4:

- (a) the "relevant sell price" for any Day:



- (i) in respect of which there is a Potential Network Gas Supply Gas Deficit Emergency (but no Network Gas Supply Gas Deficit Emergency), is the System Marginal Sell Price determined under Section F1.2.2(b); and
  - (ii) in respect of which there is a Network Gas Supply Gas Deficit Emergency, the relevant price as specified in paragraph 4.2.3(a);
- (b) the "relevant buy price" for any Day:
  - (i) in respect of which there is a Potential Network Gas Supply Gas Deficit Emergency (but no Network Gas Supply Gas Deficit Emergency), is the System Marginal Buy Price determined under Section F1.2.2(a); and
  - (ii) in respect of which there is a Network Gas Supply Gas Deficit Emergency, the relevant price as specified in paragraph 4.2.3(b);"

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary