

Modification Report
Compensation payments to Users whose gas flows are curtailed into the system
following instructions received from the NEC
Modification Reference Number 0067

Version 2.0

This Modification Report is made pursuant to Rule 10 of the Modification Rules and follows the format required under Rule 9.6.

Circumstances Making this Modification Proposal Urgent:

In accordance with Rule 10.1.2 Ofgem has agreed that this Modification Proposal should be treated as Urgent because Ofgem considered that if the proposed changes to the arrangements were treated as non-urgent, "this could have an impact on security of supply during the winter ahead." Ofgem also considered that if the modification proposal were to follow non-urgent procedures, there would be a risk that, "were the modification proposal to be subsequently implemented, there would be insufficient time for the market to properly deal with the likely impact of the modification proposal and react accordingly prior to winter 2005/06 peak demand periods." Additionally, Ofgem considered that if this modification proposal were not treated as urgent "there may be a likelihood of significant commercial impact on industry parties."

Procedures Followed:

The procedures agreed with Ofgem for this Proposal are:

Sent to Ofgem requesting urgency	14/11/2005
Ofgem grant urgent status	15/11/2005
Urgent modification proposal issued for consultation	15/11/2005
Closeout for representations (5 business day consultation)	22/11/2005
Mod Report issued to Modification Panel	25/11/2005
Modification Panel Recommendation	01/12/2005
Ofgem decision expected week commencing	05/12/2005

1. The Modification Proposal

Summary of Proposal

It is now widely acknowledged that the current storage monitor regime has a number of shortcomings, including discrimination against those shippers booking physical storage capacity (acting reasonably under their licence obligations to cater for their peak supply licence requirements) as compared to shippers not booking a storage service. In the event of an emergency being declared, storage shippers would be unable to access stored gas due to circumstances beyond their reasonable control, namely a declaration of a system emergency by the NEC. This sequestration may serve as a disincentive to book

storage and may prejudice further storage development which will impact medium and long term security of supply.

The level of discrimination against storage shippers can be addressed in the short term through proposals to allow for ex post compensatory payments similar to existing contractual rights contained in the UNC during emergency arrangements for beach gas.

CSL will also shortly bring forward proposals for future winters starting from winter 2006/7 to address the shortcomings of the existing storage monitor regime. We firmly believe that the current storage monitor regime discriminates against those shippers booking storage and acts as a disincentive to increasing the size of indigenous storage capacity be that through expansion of existing facilities or new build.

Nature of Proposal

Where a User (the "**claimant**") believes that it has suffered a financial loss by reason of being unable to flow gas onto the Total System on a Day during an Emergency because of a direction from the NEC:

- (a) the claimant may within such time as NG NTS shall reasonably require submit to NG NTS a claim together with details of the basis on which it believes it suffered a financial loss and the amount of such loss (factoring in any provisions contained within the UNC);
- (b) NG NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise NG NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid;
- (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 NG NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid;
- (e) NG NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on NG NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to NG NTS's paying a different amount).

Consequences of non implementation

The continued lack of compensation for storage curtailment will distort competition by discriminating between storage users and other market participants due to the commercial framework established by the current storage monitor regime.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

(Details of the abbreviations used to describe each party making representations is included in Section 11 below)

The Proposer believed "this Proposal would, if implemented, better facilitate the Relevant Objectives specified within the Gas Transporters Licence by addressing discrimination and enabling undistorted competition between relevant shippers providing for the efficient and economic operation of the pipe-line system."

NGNTS considered that the arguments were finely balanced and believed *"that further development and clarification of certain points within the Proposal would greatly assist us to formulate a definitive view."*

BGT did not believe that implementation would better facilitate the achievement of relevant objective 1 (c) (the efficient discharge of the transporter's licence obligations) in so far as it would not address discrimination.

The Proposer (CSL) in its response, also argued that the *"efficient and economic operation of the pipe-line system is furthered by any measure which seeks to aid security of supply. This modification achieves this objective by removing any perverse incentive created by the storage monitor regime to withdraw gas from storage (to mitigate holding a stranded asset) in the event of an impending breach of a storage monitor or through an unforeseen and unexpected amendment to the storage monitors by the TSO as permitted under the UNC. If implemented, any current or potential storage shipper will continue to value storage services providing greater certainty to storage developers to develop storage facilities and products that benefit security of supply in terms of resilience/duration during not only winter but also summer periods."*

In respect of relevant objective 1 (a)

BGT did not believe that implementation would better facilitate the achievement of this relevant objective.

EDFT suggested that the *"current arrangements undoubtedly encourage storage users to withdraw gas prematurely, which in turn may cause an actual NGSE. This proposal would remove this incongruity and reduce the need for the System Operator to take balancing actions."*

E.ON stated that implementation would facilitate this objective *"through minimising the likelihood of any perverse incentives, as described above and thereby averting a gas emergency."*

NGNTS suggested that implementation *"might weaken the incentives on Users to balance their own positions on the Day as under this Proposal the Claimant will have an expectation of a level of compensation to be paid at a later date. This may result in Users opting not to affect their imbalance positions by acquiring gas from other price sensitive supplies such as interconnector gas or LNG importation and might therefore either have a negative impact on security of supply or result in higher cash-out prices as a result of a requirement on the residual system balancer to take a greater volume of trades. The residual gas balancing role may therefore need to expand to cover these instances."* NGTS

concluded from this that implementation would not better facilitate the achievement of this objective.

In respect of relevant objective 1 (c)

BGT did not believe that implementation would better facilitate the achievement of this relevant objective.

In respect of relevant objective 1 (d)

BGT did not believe that implementation would better facilitate the securing of effective competition between relevant shippers.

CSL suggested that in the *"absence of compensation for storage users, the storage monitor regime could unfairly discriminate against storage users who, having contracted for gas in store to cover commercial positions could lose their ability to access this gas in store. In the event of an emergency being declared, storage shippers would be unable to access stored gas due to circumstances beyond their reasonable control, namely a declaration of a system emergency by the NEC. This sequestration may serve as a disincentive to book storage and may prejudice further storage development which will impact medium and long term security of supply."*

EDFT pointed out that the current arrangements *"discriminate against shippers which elect to hold gas in store as a source of flexibility, as opposed to those which have access to competing forms of flexibility"* EDFT also suggested that implementation would be *"consistent with the approach taken in Section Q of the UNC, which permits a User to make a claim against NG NTS if it believes it has suffered a financial loss in respect of any gas delivered to the System during a GDE."*

The SME would comment that any claim would be against NGNTS as manager of Balancing Neutrality and that any settlements are funded by shippers as a whole.

E.ON stated that implementation would better facilitate this objective by *"ensuring those Users, which have invested in storage to meet a proportion of their demand, are not unduly discriminated against, in favour of non-storage Users"*

Based on the assumption that the costs would be borne by Balancing Neutrality, NGNTS suggested that those Users *"with a greater weighting towards storage holdings as a percentage of their annual throughput may, as a result of this balancing neutrality process, obtain commercial benefits, at the expense of those Users with a greater weighting towards beach deliveries as a percentage of their annual throughput, resulting from the smearing of the additional costs via the balancing neutrality mechanism."* It concluded from this that implementation would not better facilitate the achievement of this objective. NGNTS also expressed a concern that if the Proposal were implemented *"the cash flows through the Energy Balancing Neutrality Mechanism might approach those identified in the Ofgem document: 'The Review of Top Up arrangements in Gas: Conclusions Document'. This document identified potential Top-Up winter injection costs of between £20m (low case, average winter) and £600m (high case, 1 in 50 cold winter) under the existing Top-Up arrangements at that time."* NGNTS considered that the *"potential reintroduction of costs of this magnitude*

smearred through the Balancing Neutrality arrangements" would not better facilitate the achievement of this objective.

NGUKD referred to a "compensation culture, as advocated by this proposal" and suggested that it "would not incentivise market participant to resolve their own problems with demand and supply side management. To implement this proposal is the first step to suspending the market." NGUKD stated that it "could countenance the concept of compensation, for say the first day of an emergency, (since such an event provided an element of shock to the market which would require limited intervention, and indeed Distribution supported such an initiative in its response to proposal 0052,) but to provide compensation, throughout what could be a prolonged period, is simply too great a skew on the market." NGUKD concluded that smearred costs "applied in this way are difficult for shippers to quantify, and therefore provides risk in the commercial environment, with the associated detrimental effect on competition: relevant objectives would not be furthered by implementation. Indeed, if smearred costs were that significant, the viability of some users could come under threat."

STUK suggested that implementation would better facilitate both objectives 1 (a) and 1 (d) "by providing some incentives on Users to keep gas in store and by enabling Users with storage services to compete effectively with other Users in giving them an opportunity to gain compensation for being unable to utilise that storage capacity when an emergency is declared. "

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

The Proposer believed that implementation of this Proposal would "improve security of supply by removing any perverse incentive to withdraw gas from storage in the event of an impending breach of a storage monitor or an unforeseen amendment to the storage monitors as permitted under modification 050." The Proposer further suggested that, as a consequence, storage shippers would "continue to value storage services against other substitutable products, providing greater certainty to storage developers to develop storage facilities and products that benefit security of supply in terms of resilience/duration during not only winter but also summer periods."

EDFT believed that "the effect of this proposal would be to enhance security of supply. Firstly, it addresses the anomaly in the current rules which actively encourage storage users to withdraw gas from storage prematurely . Secondly, because the value of storage is not unreasonably undermined, it will ensure longer term investments in storage facilities are forthcoming."

NGNTS did not "consider that the existing commercial arrangements provide such an incentive for certain Users to behave in this manner. On the contrary, we believe this incentive, if it exists, should be counter balanced and out weighed by the wider industry benefit of ensuring that sufficient storage stocks are maintained for all Non-Daily Metered consumers including domestic loads, and Priority Loads to meet their demands during a severe Winter period (1 in 50). However, we are cognisant of the fact that this view is widely held by Users and that as such this Proposal may help to alleviate the perception that a perverse incentive exists. We would therefore not rule out the possibility that the

introduction of this Proposal might beneficially affect the behaviour of certain Users and might therefore offer some modest benefits to security of supply. "

SSE supported the Proposal as implementation would address its concern *"that parties' rights to gas in store could be curtailed without compensation when the market is still in operation. We therefore believe that this proposal would help to remove the perverse incentives that the current arrangements may place on market participants to prematurely withdraw their gas from store for fear that it might be stranded later on in the winter. In addition, the ability to claim for compensation should encourage storage users to reinject gas into store over the winter period, resulting in a more efficient and economic use of the storage facilities."*

SSEH supported the Proposal as implementation would address its concern on the current situation that it believed *"undermines future investment in storage capacity and prejudices security of supply. Experience of this winter so far can only serve to underline the increasing importance of continued investment in new and existing storage capacity as indigenous UK gas supplies decline."*

STUK pointed out that without implementation of this Proposal *"it could be expected that the current regime may incentivise Users to empty storage quicker than necessary to avoid the cost of stranding gas in store should and emergency be declared. The outcome of this could be to increase the likelihood of an emergency occurring."*

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

Removal of "perverse incentives to withdraw gas from storage in the event of an impending breach of a storage monitor" might be expected to affect National Grid NTS in its role on that Day of residual system balancer, possibly by affecting the quantity and/or price of gas available to balance the System. However, removal of these incentives would potentially reduce the likelihood of the Transporters having to operate under emergency arrangements. If implementation of this Proposal were to promote additional development of storage facilities, this would have a beneficial effect on the quantities available for residual system balancing and reduce the risk of an emergency being declared.

EDFT acknowledged that the *"System Operator may be required to take further actions."* However it suggested that the likelihood of this occurring would be reduced as it would be less likely that a potential, or actual NGSE would occur.

NGNTS suggested that as this process would operate on an 'After the Day' basis, there would be no impact upon the current operating practices of the System.

b) development and capital cost and operating cost implications:

No such implications have been identified.

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

NGNTS stated it understood from the Proposal, that any additional System balancing costs would be funded by Users through Balancing Neutrality and, conversely, any reduction of System balancing costs would reduce this funding requirement.

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

No such consequences have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequences have been identified.

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

NGNTS expressed a concern *"that there might be an impact on xoserve processes resulting from the 'ad hoc' processing of any claims and their interaction with the energy balancing neutrality process."*

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

BGE stated that appropriate compensation payments *"for storage users whose gas flows from storage have been curtailed by notice from the Network Emergency Coordinator are imperative, especially in the event that storage shippers were unable to access stored gas due to circumstances beyond their reasonable control. Shippers would then be forced to source gas supply elsewhere and at a far higher cost than gas in store and hence highlighting the need for appropriate compensation. This effectively penalises Shippers who had additional gas for their demand."*

CSL stated that implementation of this proposal would *"reduce the level of contractual risk for storage users through the storage monitor regime which as structured results in a cross subsidy from storage users to other market participants and acts as a disincentive to invest in and use storage facilities."*

EDFE stated that it was *"important to note that Shippers have purchased storage gas to support their portfolios ahead of this winter at prices which did not take this extra risk into account. It is also important to note that these bilateral contracts are outside the auspices of the UNC and thus if they are to be affected need some form of compensation to be issued alongside any curtailment. If this modification is not implemented it will leave a balancing risk*

on shippers throughout the winter period, which looks to be the tightest winter on record as openly publicised recently."

EDFT believed it to be "absurd and indefensible that in a competitive market the value of a particular form of contract can be undermined by the actions of a third party. This proposal recognises, to some degree, the value of the gas held in store, and better aligns the commercial incentives on all users to access flexible gas supplies from whichever source they wish to contract."

EDFT believed that the implementation would better divide "risks across Users as described previously. In fact, it removes the current prevalence of undue discrimination between Users."

NGNTS believed "that the major implications of implementing this Proposal would be to (a) lessen the incentives on Users to balance their position on critical Gas Days since they would have the expectation of financial relief via the claims mechanism and, (b) those Users with a greater weighting towards storage holdings as a percentage of their annual throughput may obtain commercial benefits, at the expense of those Users with a greater weighting towards beach deliveries as a percentage of their annual throughput, resulting from the smearing of the additional costs via the energy balancing neutrality mechanism."

NGUKD did not believe that implementation "would instill correct behaviours from market participants if they knew they were immune to consequences to the market during an emergency. Since it is not clearly defined in the proposal what "financial loss" means: for instance, does it include any imbalance charges incurred by the loss of storage supplies; does it include the additional cost of gas purchased to replace the loss of storage supplies, does it include the cost associated with employing extra resources to cover the loss of storage supplies, does it require affected shippers to have used best or reasonable endeavours to resolve rectify theirs respective positions before a claim is valid, it is not clear how significant the costs could be that would be ultimately smeared on other industry participants?"

In supporting implementation, SSEH expressed extreme concern "that the changes made to the NEC's Safety Case earlier this year could see Storage Users prevented from accessing their own gas in store prior to market suspension."

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

BGE supported the Proposer's view that "without such compensation, storage products will not be seen as having a sufficient financial benefit for shippers and would therefore act as a disincentive to acquiring more storage products and undermine its' inherent value in the future. Conversely, if such compensation payments were made available to storage shippers, there would be less contractual risk involved and shippers will continue to use and value present and future storage products."

CSL suggested that implementation of this Proposal would "reduce the distorting effect of the storage monitor regime and the operation of the market

and reduce operational costs and levels of contractual risk for all market participants."

EDFT stated that the 'locking in' of gas in store *"through effective command and control, undermines the value of the gas in store and by association investment in UK storage facilities."* implying that implementation would overcome the commercial consequences of restrictions on storage withdrawals. EDFT also suggested that implementation would further enhance *"overall security of supply in both the short and longer terms."*

NGNTS addressed the *"concern expressed by some Users that the value of Storage has been undermined by the introduction of Safety Monitors and that this in some way will disincentive long term investment in new Storage facilities."* NGNTS appreciated *"that the implementation of this Proposal may alleviate, to some extent, these concerns and may therefore offer some marginal benefits."*

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

No such consequences have been identified.

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

The Proposer has identified the following:

Advantages

NGNTS suggested the following advantages:

- "Implementation of this Proposal may remove the view held by some Users that the introduction of the Storage Monitors has created a perverse incentive for Users holding gas in store to withdraw that gas from storage in the event of an impending GSMR Safety Monitor Breach potentially hastening the breach and triggering a NGSE. It is therefore possible that the introduction of this Proposal might affect the behaviour of certain Users and may therefore offer some modest benefits to security of supply.
- In the long term, the implementation of this Proposal may alleviate concerns held by some Users that the value of Storage has been undermined by the introduction of Safety Monitors and that this in some way will disincentive long term investment in new Storage facilities."

Disadvantages

NGNTS suggested the following disadvantages:

- May lessen the incentives on Users to balance their positions since they would have the expectation of financial relief via the claims mechanism.
- May result in significant cashflows, via the energy balancing neutrality mechanism, between different groups of Users i.e. between those who are predominantly reliant on storage supplies and those who are predominantly reliant on beach supplies

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

Representations were received from the following 12 parties:

Bord Gais Eireann	(BGE)	Support
British Gas Trading Limited	(BGT)	Not in support
Centrica Storage Ltd	(CSL)	Support
EDF Energy plc	(EDFE)	Support
EDF Trading	(EDFT)	Support
E.ON UK plc	(E.ON)	Support
National Grid NTS	(NGNTS)	Neutral
National Grid Gas plc UK Distribution	(NGUKD)	Not in support
RWE npower	(RWE)	Not in support
Scottish and Southern Energy plc	(SSE)	Support
SSE Hornsea Ltd	(SSEH)	Support
Statoil (U.K.) Limited	(STUK)	Support

Eight respondents (BGE, CSL, EDFE, EDFT, E.ON, SSE, SSEH & STUK) supported the Modification Proposal

One respondent (NGNTS) was neither for nor against the Modification Proposal

Three respondents (BGT, NGUKD & RWE) did not support the Modification Proposal.

Details Provided

BGT, whilst reciting the issue of potential lack of availability of storage booked by shippers and recognising and commending "the intent of this proposal, believed that there was *"insufficient detail contained within the Modification to provide a workable solution in time for this winter."*

NGNTS referred to a conversation with the Proposer which concluded that the intent was limited to *"seeking to provide appropriate compensation only for Storage Users who have had their flows from storage facilities curtailed by notice from the Network Emergency Coordinator resulting from the breach of Storage Safety Monitors."* It concluded from this that the Proposal did *"not seek to provide compensation for other Users utilising other modes of supply."* The Proposer has confirmed this understanding to the Joint Office.

RWE suggested that whilst *"the modification proposal is aimed at compensating storage shippers it would appear not to exclude compensation for shippers who have gas curtailed at any beach entry point. Whilst it is unlikely to apply to anybody other than storage users, it is conceivable that it could apply to other shippers in a Gas Deficit or Critical Transportation Constraint Network Gas Supply Emergency, thus widening the scope for compensation claims which would have to be met from neutrality."*

The SME would comment that RWE's comment was correct in terms of the Proposal, which was not explicit on this issue, the Proposer has clarified that

such compensation payments would be applied solely to Users whose storage withdrawals have been curtailed.

RWE also suggested that this Proposal failed *"to make reference to constrained storage, where it would be inappropriate to compensate storage users for curtailment if they were subject to withdrawal constraints under their contractual terms."*

The SME would comment that constrained storage monitors have to be retained by the User when required and there is no concept of compensation for the User retaining those monitors. There is no indication that the Proposer intended to change this arrangement.

Funding of Compensation

BGT stated that if there were *"such costs to be incurred by the System Operator on behalf of the industry, it is not appropriate for these to be smeared across all Users. Such costs should be appropriately targetted to the cause."*

EDFE pointed out that it was *"not exactly clear though how compensation under this modification would be calculated and we welcome more information regarding this should the modification be implemented."*

NGNTS from discussion with the Proposer, suggested that the Proposal *"intends to replicate the current claims process in full in that payments paid by National Grid NTS to claimants following the outcome of the claims process shall be funded by the Energy Balancing Neutrality Mechanism, as will the fees and costs of the claims reviewer."*

Transporter Incentives

BGT suggested that as such actions would be taken by the NEC *"who would be taking control from the System Operator (SO), we also believe that this should be included within their incentive arrangements. This would serve to reinforce the expectation that all options open to the SO had been exercised prior to the declaration of a NGSE."*

EDFT stated *"that the lack of commercial of incentives placed on NG NTS needs to be addressed as soon as possible, as this will continue to exacerbate overall costs to the industry."* It referred to the Ofgem decision letter on Modification Proposal on 0035 in support of this view.

Governance

BGT suggested that to institute *"such a process would require the identification of a group of suitable persons that may act as claims reviewer and the maintenance of this register. There would also be a need for procedural documents to be prepared and agreed in order that all parties were clear on the process and outcome together with the scope, if any, for appeals against decisions."*

NGNTS pointed out that the Proposal did not elaborate upon the basis on which any financial loss would be evaluated. In order to provide some guidance to those submitting claims and to the claims reviewer, NGNTS felt that *"it may be appropriate for Users to further develop this Proposal in this area."*

RWE pointed out that this proposal failed *"to restrict the basis on which claims can be made, whereas any compensation claim made by shippers at the beach is limited only to financial losses they may incur having been instructed to deliver gas to the system at System Average Price which is capped in quantity terms by the size of their long position."*

Wider Safety Issues

NGNTS pointed out that whilst it echoed *"the Proposer's concerns regarding less prudent shippers National Grid NTS considers that the role of the NEC is to deal with the position on the system resulting from the behaviour of all Users in aggregate. The NEC does not have the ability to know which Users are behaving prudently and which are not. National Grid NTS does however understand this concern and would therefore support a full review of the roles and responsibilities for the provision of 1:50 security being undertaken."*

RWE did not believe it to be *"appropriate to instigate what is a significant general change to a shipper entitlement to compensation from neutrality at this stage of the winter nor is it appropriate to do so by way of an urgent modification raised in isolation. Such issues need to be considered as part of a more fundamental debate about the appropriateness of the safety monitors and the NEC Safety Case, how to secure the current security of supply standards and the incentives on storage users to withdraw gas and we welcome recent suggestions that such a debate may be about to commence."*

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

No such requirement has been identified.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

No such requirement has been identified.

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

No programme for works has been identified.

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

The Proposer has indicated an immediate implementation date.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No such implications have been identified.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

At the Modification Panel Meeting held on 1 December 2005, of the 9 Voting Members present, capable of casting 10 votes, 2 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel did not recommend implementation of this Proposal.

18. Transporter's Proposal

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

19. Text

Subject Matter Expert sign off:

I confirm that I have prepared this modification report in accordance with the Modification Rules.

Signature:

Date :

Signed for and on behalf of Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters

Signature:

Date :