

24/11/2006

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0103

"Introduction of the right for the Energy Balancing Credit Committee to instruct National Grid
NTS as to appropriate Recovery Steps in respect of Energy Balancing debt"

Please note that Modification Proposal No 0103 will be implemented with effect from 06:00 hours on 25/11/2006. The Final Modification Report, Version 2.0, was signed by Ofgem on 23/11/2006.

The new Code text resulting from this Modification follows.

UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT

SECTION X - ENERGY BALANCING CREDIT MANAGEMENT

Amend paragraph 3.4.2 to read as follows:

~~"3.4.2 National Grid NTS agrees that it will, subject to the further provisions of this paragraph 3.4, take all reasonable steps~~ The Energy Balancing Credit Committee shall direct National Grid Gas as to what Recovery Steps (if any) (the "Directed Recovery Steps") to take to recover Energy Balancing Debt from a defaulting User, and to enforce and realise the Security provided by a defaulting User; provided that nothing in this Section X shall require National Grid NTS to initiate or continue any Recovery Steps where to do so would in National Grid NTS's reasonable opinion expose National Grid NTS or any representative of National Grid NTS to any material risk or National Grid NTS agrees that it will, subject to the further provisions of this paragraph 3.4, take the Directed Recovery Steps. To the extent that taking such Directed Recovery Steps exposes National Grid NTS or any representative of National Grid NTS to any liability against which National Grid NTS is not adequately protected by virtue of paragraphs 3.4.4 and 3.4.6, any such liability shall (notwithstanding any other provision of the Code) be deemed to be additional Monthly Neutrality Adjustment Amounts in the month in which National Grid NTS makes payment in respect thereof."

Amend paragraph 3.4.3 to read as follows:

~~"3.4.3 National Grid NTS will consult with~~ keep the Energy Balancing Credit Committee ~~and keep such committee~~ reasonably informed as to the Directed Recovery Steps it takes in relation to Energy Balancing Debt; ~~and circumstances in which National Grid NTS does not consider it commercially worthwhile to take or continue to take~~

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~~such Recovery Steps in relation to Transportation Debt;~~ and will and shall be entitled to discontinue taking Directed Recovery Steps (other than any steps necessary for such discontinuance) where the Energy Balancing Credit Committee has authorised it to do so.”

Yours sincerely,

Julian Majdanski
Modification Panel Secretary