

19/10/2007

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0149A**

**"Gas Emergency Cashout Arrangements: Keeping the On the Day Commodity Market open during a Gas Deficit Emergency"**

Please note that Modification Proposal No 0149A will be implemented with effect from 06:00 hours on 01/11/2007. The Final Modification Report, Version 3.0, was signed by Ofgem on 19/10/2007.

The new Code text resulting from this Modification follows.

**Modified Text:**

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL  
DOCUMENT  
SECTION D – OPERATIONAL BALANCING AND TRADING  
ARRANGEMENTS**

*Amend paragraph 1.6 to read as follows:*

**1.6 Emergencies**

In accordance with Section Q in a Network Gas Supply Emergency the provisions of this Section D, other than this paragraph 1.6, shall not apply to the extent provided by Section Q.

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

*Amend paragraph 3.2.2 to read as follows:*

**3.2.2 During Stage 2 (and higher) of a Gas Deficit Emergency:**

- (a) each User shall comply with all instructions by National Grid NTS to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Grid NTS may specify, up to the maximum quantities or rates which are available (by the exercise of all contractual rights as to the supply of gas or otherwise) to the User, irrespective of the commercial terms of such supplies, and irrespective of the quantities of gas being offtaken from the Total System by the User;

- (b) National Grid NTS may (where appropriate, in lieu of applying paragraph (a) in relation to gas-in-storage) issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (c) ~~the application of Section D (other than paragraph 2.4 thereof) will be suspended and w~~With effect from the time the Gas Deficit Emergency was declared, and in respect of any later Gas Flow Day falling within the duration of a Gas Deficit Emergency, National Grid NTS will not take any Market Balancing Actions; and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to the provisions of this Section Q; in which case, the provisions of paragraph 4.1 shall apply and the clearing of gas balances shall occur in accordance with the provisions of paragraph 4.2. Furthermore, the following provisions of Section D will be suspended for the duration of a Gas Deficit Emergency:
  - (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
  - (ii) Section D1.5;
  - (iii) Section D2.2.8 and 2.2.9;
  - (iv) Section D3; and
  - (v) Section D4.

*Amend paragraph 3.3.2 to read as follows:*

3.3.2 During Stage 2 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (b) if National Grid NTS determines at any time that the application of Section D may have a detrimental effect on National Grid NTS's immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, ~~then the application of Section D (other than paragraph 2.4 thereof) will be suspended~~ with effect from such time as may be determined by National Grid NTS and notified to Users

pursuant to paragraph 3.1.1(b) and in respect of any later Gas Flow Day falling within the duration of a Critical Transportation Constraint Emergency. National Grid NTS will not take any Market Balancing Actions from such time and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to paragraph 3.3.3. In the event that National Grid NTS does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Grid NTS pursuant to this paragraph, apply mutatis mutandis to the Critical Transportation Constraint Emergency as if all references in such paragraphs to a Gas Deficit Emergency were to the Critical Transportation Constraint Emergency. Furthermore, the following provisions of Section D will be suspended from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) for the duration of a Critical Transportation Constraint Emergency:

- (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
- (ii) Section D1.5;
- (iii) Section D2.2.8 and 2.2.9;
- (iv) Section D3; and
- (v) Section D4.

*Amend paragraph 4.1.1 to read as follows:*

4.1.1 In respect of each Day or part of a Day during a Gas Deficit Emergency at Stage 2 and higher:

- (a) the provisions of Section B as to Overrun Charges, LDZ CSEP Overrun Charges and Supply Point Ratchets will not apply and the provisions of Section B2 as to Daily NTS Entry Capacity, Interruptible NTS Entry Capacity, surrender of NTS Entry Capacity and curtailment of NTS Entry Capacity shall not apply (and in relation to the first such Day or part of a Day, amounts payable pursuant to the application of those paragraphs on the Preceding Day shall cease to be payable);
- ~~(b) Section C (other than paragraph 5 thereof) will not apply, except to the extent to which National Grid NTS may wish to use the Nomination process as a means for Users to communicate with National Grid NTS;~~
- ~~(be) in accordance with the provisions of paragraph 3.2.2, shall apply in relation to the application of Section D (other than paragraph 2.4 thereof) will not apply (and for the avoidance of doubt the provisions as to Physical Renomination Incentive Charges will not apply);~~
- ~~(d) Section E will apply, subject to paragraph (f); but the Exit Close-out Date may be deferred;~~
- ~~(ec) Section F2 will apply on the basis in paragraph 4.2; Section F3 will not apply (so that no Scheduling Charges will be payable); Section F4 will apply, modified in accordance with paragraph 4.2 (and in consequence~~

of the provisions of this paragraph 4.1.1); and Sections F5 and F6 will apply;

- ~~(f)~~ — ~~the application of Section H will be modified with a view to ensuring (on such approximate basis as is reasonably practicable in the circumstances) that gas is not treated as offtaken at NDM Supply Point Components at which the offtake of gas has been discontinued pursuant to Emergency Steps as described in paragraph 3.5.1;~~
- ~~(d)~~ Section I3.10 (as to rates of delivery of gas) will not apply, and where the Transporter requests or permits the delivery of gas to the Total System which does not comply with the applicable Gas Entry Conditions, Section I3.4 will not apply; and
- ~~(e)~~ the provisions of Sections G and M as to payments by the Transporter to Users in respect of the performance or failure to perform the Transporter's obligations under those Sections will not apply to the extent any failure in such performance results from the Gas Supply Emergency or the taking of Emergency Steps; ~~and~~

~~(i) — the Transporter 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). 4.1.2 In a Gas Supply Emergency any other provision of the Code which would in any particular case conflict with the implementation of this Section Q shall to that extent not apply.~~

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary