

01/05/2008

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0186**

Provision of Cost Information

Please note that Modification Proposal No 0186 will be implemented with effect from 06:00 hours on 12/05/2008. The Final Modification Report, Version 5.0, was signed by Ofgem on 01/05/2008.

The new Code text resulting from this Modification follows:

Modified Text:

SECTION V – GENERAL

Amend references in paragraph 5.12 of "Transporter" to NTS Operator

Insert new paragraph 5.13 & renumber existing paragraph 5.13 as 5.14.

5.13 DN OPERATOR COST INFORMATION

"5.13.1 For the purposes of this paragraph 5.13 and Annex V4.

- a) **"Quarter"** shall mean a three month period ending on November, February, May and August (inclusive) in any year;
- b) **"Forecast Collected Revenue"** shall mean the DN Operator's reasonable estimate of the revenue to be recovered in respect of the relevant Formula Year referred to using such criteria as the DN Operator shall consider reasonably appropriate and having regard to the provisions of the DN Operator's Transportation Statement and any revenue or price control restrictions to which it may be subject from time to time (it being acknowledged that such estimate may be subject to revision from time to time);
- c) **"Final Allowed Revenue"** shall mean an amount reasonably determined by the DN Operator on an accruals basis (based on such information as is reasonably available to it at the relevant time) of revenue recovered or to be recovered in respect of a relevant Formula Year (it being acknowledged that such amount may be subject to a re-determination from time to time);

- d) The terms “**Z, F and K**” shall have the meanings attributed to them in the relevant DN Operator’s Gas Transporters' Licence in respect of the relevant Formula Year;
- e) references to incentives, payments and adjustments are to be construed in aggregate in the context of a Distribution Network;
- f) “**Cost Information**” shall mean the information in respect of the relevant Formula Year set out in Annex V4 in the format prescribed from time to time, including any commentary as appropriate;
- g) “**Required Date**” shall mean the 10th Business Day of the second calendar month following the end of the Quarter for which the information prescribed in Annex V4 is being provided.

5.13.2 A DN Operator shall arrange for the publication each Quarter of the Cost Information by the Required Date on the website of the Joint Office of Gas Transporters.

5.13.3 Cost Information beyond the expiry of the DN Operator price control period ending 31 March 2013 will be based on assumptions to be subject to further agreement between the DN Operators and Shippers."

Amend references within Annex V3 of "Transporter" to " NTS Operator"

Insert Annex V.4.

Table of required information

Revenue element	Annual target (projected forward for 5 years)*	Quarterly reforecast of annual outturn (difference)
Core allowed (Z) ^{\$}		Not applicable
Cost pass through (F) ^{\$}		
Incentive payments and adjustments, shrinkage, exit cap, IAE, MRA etc. ^{\$}		
Inflation rate assumed		Update with latest RPI data
Over/under recovery (K) ^{\$}	Not applicable	
Supplemental information derived from the above		
Final allowed revenue (MOD)	Not applicable	
Final allowed revenue forecast (MOD)	Not applicable	
Forecast collected revenue	Not applicable	
Arithmetical Price change required at next Charging year	Not applicable	
Commentary, definitions and assumptions [#]	To assist in the understanding of the data presented	To assist in the understanding of the data presented

Yours sincerely,

Julian Majdanski
Modification Panel Secretary