

20/01/2009

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0210**

“Implementation of DNPC03 (LDZ System Charges – Capacity / Commodity Split and Interruptible Discounts), the Alignment of Failure to Interrupt Charges and the Alignment of the IFA Charge”

Please note that Modification Proposal No 0210 will be implemented with effect from 06:00 hours on 01/10/2008. The Final Modification Report, Version 3.0, was signed by Ofgem on 27/08/2008.

The new Code text resulting from this Modification follows:

Modified Text:

**UNIFORM NETWORK CODE - TRANSITION DOCUMENT
PART IIC SECTION 9
TRANSITIONAL INTERRUPTION REGIME: INTERRUPTIBLE SUPPLY POINTS**

Amend paragraph 9.1.9 to read as follows:

- 9.1.9 In respect of an Interruptible Supply Point the Registered User (or Sharing Registered Users) shall:
- (a) not be required to pay NTS Exit Capacity Charges; ~~and LDZ Capacity Charges;~~
~~and~~
 - (b) be required (where the Interruptible Supply Point is an LDZ Interruptible Supply Point) to pay LDZ Capacity Charges with such discount applied as may be provided in the Transportation Statement; and
 - (c) be entitled to a payment, where in respect of an Interruptible Supply Point the Transporter requires Interruption on more than 15 Days in any Formula Year, calculated in the manner provided in the Transportation Statement.

Amend paragraph 9.9.2 to read as follows:

- 9.9.2 Where there is a failure to Interrupt at a Supply Point:
- (a) irrespective of whether the failure to Interrupt resulted from Force Majeure, where the Transporter determines that the failure to Interrupt results in a significant risk to the security of the relevant System the Transporter may take any steps available to it to isolate or disconnect any or all Supply Meter Points (irrespective of whether any is a Shared Supply Meter Point) comprised in the Supply Point; and

- (b) subject to paragraph 9.10.5, save where the failure to Interrupt resulted from Force Majeure or, in exceptional circumstances, where the Registered User can demonstrate to the Transporter's reasonable satisfaction that it made all reasonable efforts to Shutdown (including but not limited to ensuring that appropriate action is taken at the Supply Point but despite such efforts gas in excess of the Shutdown Tolerance flowed):
- i) the Registered User shall on the first Day of the first failure to Interrupt in any Gas Year, pay a charge determined as:
- 1) in respect of an NTS Supply Point, 2 times the Applicable Annual Rate of the NTS Exit Capacity Charge in respect of an NTS Supply Point or
 - 2) LDZ Capacity Charge where the the Supply Point in respect of a Supply Point which is not an NTS Supply Point, 2 times the difference between the Applicable Annual Rate of the LDZ Capacity Charge that would be payable (in respect of Supply Point Capacity in accordance with paragraph 9.3.9) if the Supply Point was designated as Firm and the Applicable Annual Rate of the LDZ Capacity Charge (as discounted) payable in respect of the Interruptible Supply Point pursuant to paragraph 9.1.9 (b); and
- ii) the Registered User shall pay, on all days other than the first Day of the first Period of Interruption in each Gas Year, a charge determined as:

$$X = 2 * Y * Z$$

where:

X is the amount payable in respect of each Day;

Y is the quantity of gas offtaken at the Supply Point (in kWh) on the Day;

Z in any Gas Year is the price difference (in pence/kWh) taken from the figures published in Table 26 of the DTI Energy Trends (or superseding publication), for the 1st Quarter of the calendar year in which the current Gas Year commenced, between the all consumer average for Gas Oil (shown in £/tonne and converted to pence/kWh using the estimated average calorific value for Gas Oil set out in Annex B of the Digest of United Kingdom Energy Statistics) and the price of gas, all consumers, Interruptible.

Amend paragraph 10.4.2 to read as follows:

10.4.2 Where a Firm Allowance is in force under paragraph ~~10.5.3~~ 10.4.3:

- (a) the Firm Allowance shall be treated as an exception to paragraph 9.7.2(b) such that the requirement that no gas shall be offtaken be read as no gas, other than the Firm Allowance shall be offtaken, and at an hourly rate not exceeding 12.5% of the Firm Allowance unless otherwise agreed with the Transporter in advance;
- (b) the Registered User shall pay to the Transporter the Administration Charges (if any) set out in the Transporter's Transportation Statement;
- (c) the rate of any Supply Point Transportation Charge shall be determined by reference to the Supply Point Capacity held by the Registered User at the relevant Supply Point at the time that the offer of Firm Allowance has been offered by the Transporter in accordance with paragraphs 10.4.3 and 10.4.4;

- (d) the Registered User shall pay a charge ("**the IFA Charge**") to:
- i) National Grid NTS, calculated as the NTS Exit Capacity Charge set out in National Grid NTS'S Transportation Statement;
 - ii) the relevant DN Operator, calculated as the difference between the LDZ Capacity Charge set out in the relevant DN Operator's Transportation Statement and the discounted LDZ Capacity Charge payable pursuant to Clause 9.1.9 (b) determined in respect of an amount of Supply Point Capacity equal to the amount of the Firm Allowance;
- (e) for the purposes of determining the IFA Charges payable by the Registered User in respect of the provision of a Firm Allowance at an NTS ~~the relevant~~ Supply Point, the Firm Allowance shall be regarded as the Supply Point Capacity of a Firm Supply Point;
- (f) all amounts payable under this paragraph ~~10.5~~ 10.4 shall be payable in a single payment, may be invoiced by way of an Ad Hoc Invoice, at any time after the Registered User's election and shall be paid in accordance with TPD Section S. The charges shall be fixed in accordance with paragraph 10.4.2(h) having regard to the date on which the period of the Firm Allowance commences in accordance with paragraph 10.4.3(c) or 10.4.4 and are not refundable;

Yours sincerely,

John Bradley
Modification Panel Secretary