

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0528

"Expand Definition of Restricted User to include other Licensed Parties"

Version 1.0

Date: 15/01/2002

Proposed Implementation Date:

Urgency: Urgent

Justification

The current definition of Restricted Users in Section V2.5.1 is narrowly drawn and limits the number of parties who can compete in the provision of certain services. This restriction acts against the interests of competing parties and should be removed as soon as possible.

The benefits of a clearing house service with increased security and reduced likelihood of counterparty default have become increasingly important following recent events in the market.

Urgent status is requested to allow final development by players and the introduction to the market of such services as soon as possible.

Nature of Proposal

That the definition of Restricted User contained in Section V2.5.1 of the network code be expanded to also include other Clearing Houses licenced by the Financial Services Authority or licenced under the Financial Services Act.

Purpose of Proposal

This proposal is required to allow the fullest competition between Clearing Houses offering services to support the industry.

Consequence of not making this change

Failing to make this change will mean that parties are not able to use the services of their preferred agent when carrying out trade activities and competition will be prevented or limited unnecessarily. The benefits of greater liquidity and price transparency would be lost to the market.

Area of Network Code Concerned

Section V 2.5

Proposer's Representative

Mike Young (BG Trading)

Proposer

Irfan Mannan (Accord Energy)

Signature

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