

Modification Report

Entry Allocations Close-out Date August 1996

Modification Reference Number - 0080

This modification report is made pursuant to Rule 9.0 of the Modification Rules and follows the format required under Rule 8.12.4.

1. Circumstances Making This Modification Urgent

In accordance with Rule 9.2(a) Ofgas has agreed that this modification should be treated as URGENT because there is insufficient time to process allocations to the satisfaction of the CVA principles.

2. Procedures Followed

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

20th September - Proposal raised

20th September - Ofgas agreed direct implementation with no representations.

3. The Modification Proposal:

The entry close-out for August is extended from M + 15 (20th September 1996) to M + 18 (25th September 1996) and submission of the corresponding Energy Balancing invoice is also delayed by 3 working days.

4. Text provided pursuant to Rule 7.2.2 (c) (ii)

Transition Document, Part II, paragraph 8, Section E

Insert in what is provided in respect of Section E1.9.1(i):

"(vi) for Gas Flow Days in August 1996 shall be 25th September 1996."

Transition Document, Part III, Section S

Insert in the proviso to what is provided in respect of Section S1.4.2:

"(vii) the Balancing Invoice in respect of August 1996 shall be 4th October 1996"

5. TransCo's opinion:

TransCo's opinion was that this proposal should be implemented immediately to facilitate accurate entry allocations.

6. Extent to which the modification would better facilitate the relevant objectives:

Off-shore shutdowns affecting gas flow to the Bacton terminal resulted in marked changes to entry allocations for Shippers compared with previous months. Shippers were slow to revise their entry allocation statements to reflect this situation. The Claims Validation Agent therefore required an extension to close-out for August allocations.

7. The implications for TransCo of implementing the Modification Proposal, including:

a) implications for the operation of System and any BG Storage Facility:

TransCo is not aware of any such implications.

b) development and capital cost and operating cost implications

TransCo is not aware of any such implications.

c) extent to which it is appropriate for TransCo to recover the costs, and proposal for the most appropriate way for TransCo to recover the costs:

TransCo does not intend to recover such costs..

d) analysis of the consequences (if any) this proposal would have on price regulation:

TransCo is not aware of any such implications.

8. The consequence of implementing the Modification Proposal on the level of contractual risk to TransCo under the Network Code as modified by the Modification Proposal:

The proposal delays the submission of balancing invoices and subsequent payments.

9. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers:

TransCo is not aware of any such implications.

10. The implications of implementing the modification for Relevant Shippers.

Shippers will be charged against more accurate Entry Allocation statements.

11. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party:

The modification provides more time for the Claims Validation Agents to process entry data for August 1996.

12. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal:

TransCo is not aware of any such implications.

13. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal:

If this proposal was not implemented insufficient time would exist for the CVA to complete Entry Allocations at Bacton for August.

14. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report:

Following agreement with Ofgas representations were not invited.

15. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

TransCo is not aware of any such requirement.

16. Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement furnished by TransCo under Standard Condition 3(1) of the Licence:

The modification is not required to comply with the above clause.

17. Programme of works required as a consequence of the implementation of the Modification Proposal:

No works are required as a result of this Modification.

18. Proposed implementation timetable:

The proposal was implemented on 20th September 1996.

19. Recommendation for the implementation of the modification:

TransCo recommended that this Proposal should be implemented on 20th September 1996.

20. Restrictive Trade Practices Act

This proposal constitutes an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

21. TransCo Proposal

This Modification Report confirms TransCo's proposal to modify the Network Code. The Network Code was modified in accordance with Ofgas direction on 20th September 1996.

Signed for and on behalf of British Gas TransCo.

Signature:

Date: 27th September 1996

Name: Chris Train

Position: Energy Balancing Manager

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
- (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.

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Director General of Gas Supply Response

In accordance with Condition 7(10)(b) of the Standard Conditions of Public Gas Transporters' Licences dated 21 February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature: Eileen Marshall.

Date: 27 September 1996

Name: Eileen Marshall

Position: Director, Regulation & Business Affairs