

DSC SERVICE DOCUMENT

~~DSC~~ TRANSITIONAL ARRANGEMENTS DOCUMENT

Version: ~~H1.0~~

Effective date: [[Date of Final Modification Report](#)]

1 General

1.1 Introduction

1.1.1 This [document \(Document\)](#) is the DSC Transitional Arrangements Document referred to in [GT](#) Section ~~GTD paragraph D~~3.1.4(viii), Part I of the Transition Document, and Clause 3.3(f) of the DSC Terms and Conditions and is a DSC Service Document.

1.1.2 This Document is an integral part of and is incorporated in the DSC, and (to the extent provided in paragraph ~~[3.3]~~ of Part I of the Transition Document) has effect as if incorporated into the Transition Document.

1.1.3 The version of this Document which is in force, and the date from which it is in force, is as stated above.

1.2 Interpretation - general

1.2.1 In this Document:

(a) **Uniform Network Code or UNC** means the ~~Uniform Network Code~~ [uniform network code prepared pursuant to Standard Special Condition A11\(6\) of the gas transporter's licence, as from time to time modified](#);

~~(b) a reference to Section GTD is to Section D of the General Terms of the Uniform Network Code;~~

~~(b)~~ **(e) DSC Terms and Conditions** means the DSC Terms and Conditions as defined in and for the time being in force pursuant to [GT](#) Section ~~GTD~~;

~~(c)~~ **(d)** terms defined in [or for the purposes of](#) the DSC Terms and Conditions and not otherwise defined in this Document have the meanings given to them in the DSC Terms and Conditions;

~~(d)~~ **(e)** terms defined in any other DSC Service Document and not otherwise defined in this Document have the meanings given to them in that DSC Service Document; and

~~(e)~~ **(f)** the further provisions of the DSC Terms and Conditions as to interpretation apply.

[1.2.2](#) [Pursuant to paragraph 1.2.1\(d\), in this Document, Customer, Charges and Costs have their respective meanings in the DSC Terms and Conditions \(and are equivalent to 'Core Customer', 'CDSP Charges' and 'CDSP Costs' as defined in GT Section D\).](#)

[1.2.3](#) ~~1.2.2~~ In the case of any conflict between the provisions of this Document and any other part of the DSC, the provisions of the DSC Terms and Conditions as to priority apply.

1.3 Amendment

- 1.3.1 This Document may be amended in accordance with [the applicable procedures contained in the Change Management Procedures](#).

1.4 Interpretation - specific

- 1.4.1 In this Document:

- (a) **ASA** means the AS agreement as defined in Standard Special Condition A15 of the Gas Transporter's Licence immediately prior to its replacement by Standard Special Condition A15A;
- (b) **Implementation Date** means the CDSP Implementation Date as defined in Part 1 of the Transition Document;
- (c) **CDSP Modification** has the meaning given to such term in Part 1 of the Transition Document;
- (d) **CDSP Modification Date** has the meaning given to such term in Part 1 of the Transition Document;
- (e) **DSC Execution Date** means 15 February 2017 or (if later) the date 44 days before the Implementation Date;
- (f) **DSC Readiness Date** means 15 March 2017 or (if later) the date 16 days before the Implementation Date;
- (g) **Existing Activities** means activities carried out by the Transporters under the UNC which (pursuant to the CDSP Modification) are to be carried out by the CDSP as Direct Functions or as functions otherwise assigned to the CDSP under the UNC;
- (h) **Gas Transporter's Licence** means a licence granted or treated as granted under Section 7(2) of the Gas Act 1986;
- (i) **Non-Code User Pays Services Agreement** means an agreement between Xoserve and a Shipper User entitled Framework Contract For The Provision Of Non-Code User Pays Services in relation to the provision by Xoserve of ~~Non-Code~~ [Non-Code](#) User Pays [Non-Code](#) Services;
- (j) **Pre-DSC Agreement** means the ASA and each Non-Code User Pays Services Agreement;
- (k) **First CDSP Year** means the CDSP Year commencing on the Implementation Date; and
- (l) **Xoserve** means Xoserve Limited.

- 1.4.2 References to an 'Old' or a 'New' provision of the UNC or other document are to such provision or document as in force respectively prior to and following the CDSP Modification.

- [1.4.3 References to the CDSP in the context of anything done or to be done before the Implementation Date are to Xoserve as the person which will become the CDSP on and from the Implementation Date.](#)

[1.4.4](#) ~~1.4.3~~ In this Document a term defined in a Pre-DSC Agreement, and not otherwise defined in or for the purposes of this Document, has the meaning given in such Pre-DSC Agreement.

1.5 Scope and purpose

1.5.1 The purpose of this Document is to set out the transitional arrangements that apply in relation to the implementation and commencement of the CDSP Modification and the execution and commencement of the DSC.

1.5.2 This Document is organised as follows:

- (a) this paragraph 1 sets out general and background provisions;
- (b) paragraph 2 sets out the suspension or variation of certain New provisions of the UNC and provisions of the DSC until the Project Nexus Implementation Date;
- (c) paragraph 3 sets out commencement and transitional arrangements (other than financial) in respect of the UNC;
- (d) paragraph 4 sets out arrangements for execution of the DSC;
- (e) paragraph 5 sets out commencement and transitional arrangements (other than financial) in respect of the DSC;
- (f) paragraph 6 sets out commencement and transitional arrangements in respect of financial provisions of the UNC and the DSC; and
- (g) paragraph 7 sets out arrangements relating to certain Costs in connection with the ~~{~~Nexus Modifications~~}~~.

1.6 Further background

1.6.1 The Transporters have, for the purposes of the CDSP Licence Condition, appointed Xoserve as the ~~C~~central ~~D~~data ~~S~~services ~~P~~provider.

1.6.2 Until the Implementation Date, Xoserve:

- (a) is the Transporter Agency for the purposes of the UNC;
- (b) is engaged by the Transporters pursuant to the ASA; and
- (c) provides Non-Code User Pays Services to Shipper Users pursuant to [User Pays](#) Non-Code ~~User Pays~~ Services Agreements.

1.6.3 ~~Code~~ User Pays [Code](#) Services provided prior to the Implementation Date are charged by Xoserve to the Transporters, and the Transporters in turn charge Shipper Users for such services as set out in the Agency Charging Statement and TPD Section B.

1.7 Actions prior to CDSP Modification Date

1.7.1 Where, before the CDSP Modification Date or (as the case may be) the DSC Execution Date, the CDSP or another Party takes any action or does any other thing provided for in this Document, such action or thing shall be treated as having been done pursuant to this Document.

- 1.7.2 Where, before the CDSP Modification Date or (as the case may be) the DSC Execution Date, the CDSP initiates (as contemplated by paragraph 1.7.1) any procedure for any Party or Parties to take any action or do any other thing required under this Document, time allowed to such Party or Parties for doing so shall be counted where it falls before (as well as after) the CDSP Modification Date or (as the case may be) the DSC Execution Date.

2 Suspension of certain provisions until Nexus Implementation Date

2.1 General

- 2.1.1 Until the Project Nexus Implementation Date (as defined in ~~GT Section C1~~ [GT Section C1](#) pursuant to Consent to Modify CM 55) the provisions of the UNC (as modified by the CDSP Modification) and of the DSC are varied or suspended as provided in this paragraph 2.
- 2.1.2 Independent Gas Transporters will not be Parties to the UNC or Customers until this is required (on or before the Project Nexus Implementation Date) by a further Code Modification.
- 2.1.3 None of the provisions of IGTAD apply until such provisions are made operative by a further Code Modification.
- 2.1.4 It is noted that TPD Sections G, H and M will require modification, and the Services Description and UK Link Manual will require amendment, no later than the Project Nexus Implementation Date, to reflect the arrangements referred to in the Nexus Modifications..

2.2 GT Section D

- 2.2.1 In GT Section D all references to an Independent Gas Transporter, IGT Code, IGTS Shipper and IGT Code Communication are to be disregarded; and accordingly references to Parties, Core Customers and Customer Classes do not include Independent Gas Transporters.
- 2.2.2 Notwithstanding paragraph ~~2.2.1~~ [2.2.1](#), with effect from the Implementation Date, each DSC Committee shall include an IGT Representative, who shall be appointed (as provided in Annex D-2) by the Association of Independent Gas Transporters.

2.3 Other provisions of the UNC

- 2.3.1 In TPD Section C, until the Project Nexus Implementation Date, the CDSP has no Agency Functions and New [TPD](#) Section C1.14.1 shall not apply.
- 2.3.2 In TPD Section E, until the Project Nexus Implementation Date:
- (a) the Agency Functions of the CDSP are (in place of those in New [TPD](#) Section E1.14.2(c)) calculating all values and amounts required to support Individual Reconciliation and Aggregate NDM Reconciliation;
 - (b) the Agency Functions of the CDSP include investigating and resolving Reconciliation Values which have been Suppressed; and
 - (c) the requirements (in New [TPD](#) Section E9) in respect of the AUG Expert do not apply.

2.4 DSC

- 2.4.1 In the Terms and Conditions and each DSC Service Document (not including the Service Description), all references to an Independent Gas Transporter, IGT Code or IGTS Shipper

are to be disregarded; and accordingly references to Parties, Customers and Customer Classes do not include Independent Gas Transporters.

2.4.2 In the Budget and Change Methodology, the table below shall apply as the Charge Base Apportionment Table in place of the table in paragraph 3.1.1 of ~~that Document~~ [the Budget and Charging Methodology](#):

~~{INSERT TABLE}~~

<u>Service Areas (as set out in DSC Service Schedules)</u>	<u>Customer Classes</u>		
	<u>Shipper Users</u>	<u>Transporters</u>	
		<u>Transmission</u>	<u>Distribution DNs</u>
Manage supply point registration	100%		
Provide query management	90%		10%
Record, submit data in compliance with UNC	100%		
Interruption auction services in accordance with			100%
Metered volume and quantity	33%		67%
Annual quantity, DM supply point capacity and offtake rate reviews	100%		
NTS Capacity, LDZ Capacity, Commodity, Reconciliation, Ad-hoc adjustment and balancing invoices		17%	83%
Credit risk management (including cash collection) and management of neutrality accounting processes		100%	
User admission and termination		50%	50%
Connected system exit points			100%
NExA Supply Meter Points			100%
Generation of supply meter point reference number			100%
Emergency contact information			100%
Shipper agreed reads	100%		
Demand Estimation	50%		50%
Provision of supply point information services and other services required to be provided under condition of the GT Licence			100%
UK Link Services	50%		50%
Provision of user reports and information	34%	7%	59%
Network operator and user relationship	50%	6%	44%
Gemini system services	100%		

3 Implementation and commencement of CDSP Modification

3.1 Implementation of CDSP Modification

3.1.1 Except as otherwise provided in this Document, the provisions of the UNC as modified by the CDSP Modification shall be effective:

- (a) on and from the Implementation Date; and

- (b) in relation to all communications or processes given or carried out under the UNC on and from the CDSP Implementation Date, whether the Gas Flow Day to which they relate is before or on or after the Implementation Date.

3.1.2 The appointment and authority of the Transporters Agency pursuant to Old TPD Section V6.5 is terminated with effect on and from the Implementation Date (but without prejudice to the validity of anything done by the Transporters Agency before the Implementation Date).

3.2 CDSP Direct Functions

3.2.1 The CDSP shall commence the provision of Direct Services which are Code Services, and the performance of all other functions of the CDSP under the UNC, on and with effect from the Implementation Date.

3.2.2 On and with effect from the Implementation Date, the Transporters shall cease to carry out the Existing Activities under the UNC.

3.2.3 Pursuant to paragraphs {3.2.1 and 3.2.2}:

- (a) where any process (**Current Process**) under the UNC which is the subject of an Existing Activity is on-going at the start of the Implementation Date, the CDSP shall with effect from the Implementation Date assume responsibility for the Current Process; and
- (b) any Code Communication given by or to a Transporter before the Implementation Date in connection with a Current Process shall be treated as having been given by or to the CDSP.

3.2.4 For the purposes of the UNC:

- (a) subject to paragraph (b), the Transporters are bound by and liable for anything done by the Transporters Agency before the Implementation Date; and
- (b) paragraph (a) does not apply in relation to any Current Process as referred to in paragraph 3.2.3.

3.3 Agency Services

3.3.1 The CDSP will, with effect on and from the Implementation Date, provide CDSP Agency Services in continuation of the provision of the corresponding services under the ASA.

3.4 Compensation provisions

3.4.1 The Compensation Rules in the following Sections of the UNC will apply in respect of months up to and including the month ending on the Day before the Implementation Date and will not apply in respect of any subsequent month: TPD Sections G4.2, S4.6, S4.7, U7.6 and U8.6.

3.4.2 The provisions of the UNC for reporting and payment of any amounts accruing (as provided in paragraph 3.4.1) pursuant to those Compensation Rules shall continue to apply following the Implementation Date until such amounts are paid.

3.5 UK Link

- 3.5.1 Pursuant to paragraph 3.2.1, on and with effect from the Implementation Date, subject as provided in new GT Section D5 in respect of UK Link Gemini:
- (a) the CDSP shall become responsible for the provision and operation of UK Link in accordance with the DSC; and
 - (b) the Transporters shall cease to be responsible for the provision and operation of UK Link pursuant to Old TPD Section U1.1.1.
- 3.5.2 Any rights or obligations existing and accrued (as at the Implementation Date) pursuant to Old TPD Section U between the Transporters and a Shipper User in relation to UK Link ~~are novated~~ shall with effect from the Implementation Date become and take effect as rights and obligations under the DSC between the CDSP and such Shipper User under the DSC; and accordingly the CDSP assumes, and the Transporters release such Shipper User from or (as the case may be) the Shipper User releases the Transporters from, such rights and obligations with effect from the Implementation Date.
- 3.5.3 Where any steps are required to be taken by a Transporter or (in relation to a Transporter) the CDSP for the purposes of securing compliance, with effect from the Implementation Date, with the requirements of the UK Link Manual in respect of access to and use of UK Link, such Party or Parties shall take such steps by the DSC Readiness Date.
- 3.5.4 Where any modification of UK Link is in progress at the Implementation Date such modification shall, with effect on and from the Implementation Date, be a UK Link Modification for the purposes of the Change Management Procedures and at the stage corresponding to its stage under the applicable provisions of Old TPD Section U.
- 3.5.5 The Old UK Link Manual shall cease to be in force with effect from the Implementation Date (but without prejudice to its incorporation in the New UK Link Manual subject to and in accordance with paragraph 2.2 of the UK Link Manual Framework Document).

3.6 DSC Committees

- 3.6.1 The DSC Committees shall be established as soon as practicable following the CDSP Modification Date.
- 3.6.2 It is acknowledged that the Code Administrator will have started the processes (in accordance with GT Annex D-2) for appointing the first Committee Representatives for each DSC Committee before the CDSP Modification Date.
- 3.6.3 Before the Implementation Date, a DSC Committee may meet and may provide views on any matter put to it; but it has no power to take a decision or otherwise bind any Party unless expressly provided in this Document.
- 3.6.4 The ~~ChangeContract~~ Management Committee may establish the Credit Committee before the Implementation Date.

3.6.5 The initial period of appointment of Committee Representatives shall be from the Implementation Date (or earlier pursuant to paragraph 3.6.1) until 30 September 2018.

4 Execution of the DSC, etc

4.1 Requirement to execute the DSC

- 4.1.1 Subject to paragraph 4.1.5, each person which, at the CDSP Modification Date, is a UNC Party shall execute the DSC Agreement no later than the DSC Execution Date in accordance with the arrangements referred to in paragraph ~~[4.1.3]~~4.1.3.
- 4.1.2 The Transporters shall procure that the CDSP executes the DSC Agreement no later than the DSC Execution Date.
- 4.1.3 ~~X~~serveThe CDSP will prepare, send to each UNC Party an explanation of, and implement arrangements, to be approved (for the purposes of their compliance with the CDSP Licence Condition) by the Transporters, for execution of the DSC Agreement by each UNC Party (subject to paragraph 4.1.5), which will provide for:
- (a) the verification of the correct name and address of such UNC Party;
 - (b) the evidencing of the authority of the person executing on behalf of such UNC Party;
 - (c) each UNC Party and the CDSP to execute one counterpart of the DSC Agreement;
 - (d) the CDSP to retain the originals of each such counterpart; and
 - (e) each UNC Party to be provided with a certified copy of the DSC Agreement as executed by the original parties to it.
- 4.1.4 ~~X~~serveThe CDSP may start the arrangements referred to in paragraph ~~[4.1.3]~~ before the CDSP Modification Date.
- 4.1.5 The following persons shall not be required or entitled to execute the DSC Agreement:
- (a) a ~~UNC~~-Party (as defined in the UNC) which, at the CDSP Modification Date, is a Trader User and has not applied to become a Shipper User;~~(b)~~ (including, for the avoidance of doubt, a person satisfying the conditions set out in TPD Section V2.5.1(a), (b) or (c)); or
 - (b) ~~(c)~~ a UNC Party which, before the DSC Execution Date, has applied to withdraw as a UNC Party with effect earlier than the Implementation Date.
- 4.1.6 Where a person becomes a UNC Party ~~(other than as Trader User)~~ after the CDSP Modification Date and before the DSC Execution Date, paragraph 4.1.1 shall apply and such person shall execute the DSC Agreement.
- 4.1.7 Where a person becomes a UNC Party ~~(other than as Trader User)~~ after the DSC Execution Date and before the Implementation Date, such person shall be required to accede to and become a Customer under the DSC in accordance with the applicable requirements of the UNC.
- 4.1.8 The DSC Agreement shall be entered into by and between the persons who execute the DSC Agreement no later than the DSC Execution Date, who shall be the Original Parties; and the fact that a UNC Party does not execute the DSC Agreement by the DSC Execution Date shall not prevent the DSC Agreement from being entered into and becoming effective.

4.2 Failure to execute the DSC

- 4.2.1 If a Shipper User fails to execute the DSC Agreement by the DSC Execution Date in accordance with paragraph 4.1:

- (a) the failure to execute the DSC Agreement shall be treated as a User Default, and the User shall be a Defaulting User, for the purposes of TPD Section V4.3; and
 - (b) unless otherwise directed by the Authority, each Transporter shall give a Termination Notice to the Shipper User in accordance with TPD Section V4.3.3 specifying the Implementation Date as the effective date of termination.
- 4.2.2 If a UNC Party other than a User fails to execute the DSC Agreement by the DSC Execution Date in accordance with paragraph 4, the Transporters shall so notify the Authority and each other UNC Party, and shall act as directed by the Authority.

4.3 Trader Users

- 4.3.1 Each person which, at the CDSP Modification Date, is a Trader User shall execute a UK Link User Agreement with the CDSP in the form included in the ~~F~~final Modification Report for the CDSP Modification or such other form as the CDSP may agree.
- 4.3.2 If a Trader User fails to execute a UK Link Agreement by the Implementation Date, the failure to execute a UK Link Agreement shall be treated as a User Default, and the User shall be a Defaulting User, for the purposes of TPD Section V4.3.

5 Transition to and commencement of DSC

5.1 DSC Readiness

- 5.1.1 Before the DSC Readiness Date the CDSP and each Customer shall comply with the requirements in this paragraph 5.1.
- 5.1.2 The Customer shall:
- (a) provide to the CDSP details of its registered office and company registration number (or equivalent), and other corporate details reasonably requested by the CDSP;
 - (b) provide to the CDSP address details for notices as required under the DSC Terms and Conditions;
 - (c) nominate an Individual Contract Manager as provided in the Contract Management Arrangements;
 - (d) provide to the CDSP such billing details as the CDSP may reasonably require for the purposes of sending Invoices to the Customer;
 - ~~(e)~~ provide to the CDSP details of the bank account to which any payments made by the CDSP to the Customer under the DSC are to be made;
 - ~~(f)~~ place orders for any Specific Services required to be provided with effect from the Implementation Date (except to the extent provided in paragraph 5.2.3);
 - ~~(g)~~ take the steps necessary to be in compliance with the requirements, as they will apply from the Implementation Date, of the Credit Policy; and
 - ~~(h)~~ comply with any requirement under the UK Link Manual if the Customer is not already (pursuant to Old TDP Section U) in compliance with such requirement.

5.1.3 The CDSP shall:

- (a) provide to the Customer address details for notices as required under the DSC Terms and Conditions;
- (b) nominate an Individual Contract Manager as provided in the Contract Management Arrangements;
- (c) [assign to the Customer an unsecured credit limit in accordance with the Credit Policy; and](#)
- (d) ~~(e)~~ provide to the Customer details of the bank account to which the Customer is to make payment of Invoices.

5.1.4 Anything done by a Shipper User in connection with UK Link in compliance with Old Section U shall be treated as done under and in compliance with the requirements of the DSC including the New UK Link Manual; and paragraph 5.1.2 does not require the Shipper User to do such thing again.

5.2 Commencement of Services

5.2.1 With effect on and from the Implementation Date

- (a) Xoserve shall cease to provide services to the Transporters under the ASA;
- (b) Xoserve shall cease to provide services to Shipper Users under Non-Code User Pays Services Agreements; and
- (c) the CDSP will commence the provision of Services to Customers under the DSC.

5.2.2 Where Xoserve is in the course of (and has not completed) providing a service to a Party or Parties under a Pre-DSC Agreement immediately before the Implementation Date, the CDSP shall continue the provision of the service (so far as the DSC Service Description specifies the service as a General Service or a Specific Service, or it is an Additional Service as provided in paragraph 5.4) as a Service under the DSC with effect from the Implementation Date.

5.2.3 Any election or decision made by a Shipper User or Transporter pursuant to a Pre-DSC Agreement in connection with services provided under that agreement which is in force immediately before the Implementation Date shall take effect as an equivalent election or decision (so far as contemplated by the DSC Service Description) for the purposes of the Services Description with effect from the Implementation Date.

5.3 Transitional Service Changes

5.3.1 Where, immediately before the Implementation Date, any process under :

- (a) the Change Control Procedure in Schedule 10 of the ASA in respect of a 'Change' (as defined in the ASA) ; or
- (b) [the Services Schedule Change Procedure in Schedule 2 of the Framework Contract of the Non-Code User Pays Agreement in respect of a 'Service Change' \(as therein defined\).](#)

has commenced and is not concluded (a **Transitional Service Change**), then with effect from the Implementation Date:

- (i) ~~(a)~~ the relevant ~~C~~change shall be a Service Change (relating to a General Service or a Specific Service, as the case may be) for the purposes of the DSC, and shall be treated as having been progressed to the equivalent stage of the Service Change Procedures;
- (ii) ~~(b)~~ in the case of General Service Change, the Change Management Committee shall determine the classification (as provided in paragraph ~~{4}~~ of the Change Management Procedures) of such Service Change as soon as practicable following the Implementation Date; and
- (iii) ~~(c)~~ the Service Change shall be carried forward under and subject to the equivalent process under the Service Change Procedures.

5.3.2 Paragraph 5.3.1 applies in respect of all Transitional Service Changes, but in relation to User Pays Modification Proposals, or 'Service Changes' within paragraph ~~{5.3.1(b), paragraph 6.3.3}~~ provides for the recovery of associated Costs accruing from the Implementation Date.

5.3.3 If any question arises in the application of paragraph ~~{5.3.1}~~ the Change Management Committee shall decide such question in consultation with the Transporters and the CDSP.

5.4 Additional Services

5.4.1 Where, immediately before the Implementation Date, Xoserve is providing any service to a Customer under a Pre-DSC Agreement which is not specified as a General Service or a Specific Service in the Services Description, unless the provision of such service expires or is terminated with effect from the Implementation Date:

- (a) the CDSP shall continue to provide such service as an Additional Service for so long as was required under the Pre-DSC Agreement; and
- (b) subject to paragraph 5.4.2, the CDSP shall as soon as reasonably practicable prepare an Additional Services Offer and the relevant Customer shall accept such offer in order to record the terms of such Additional Service for the purposes of the DSC.

5.4.2 If such Additional Service is not in compliance with the requirements of the Third Party and Additional Services Policy:

- (a) the CDSP shall not be treated as failing to comply with such Third Party and Additional Services Policy by reason of the continuation of the service as provided in paragraph ~~{5.4.1}~~(a); and
- (b) at the earliest time (following the Implementation Date) at which the provision of such service expires or can be terminated by the CDSP without liability:
 - (i) the CDSP shall cease to provide such service;
 - (ii) unless the Customer has requested the CDSP to provide the Services as a Third Party Service, the CDSP shall submit to the Customer a revised Additional Services Offer which is in compliance with the Third Party and Additional Services Policy; and

- (iii) the further provisions of the [Third Party and Additional Services](#) Policy shall apply.

5.5 Third Party Services

- 5.5.1 Where immediately before the Implementation Date Xoserve is providing any service to a person other than a UNC Party, unless the provision of such service expires or is terminated with effect from the Implementation Date, the CDSP may continue to provide such service as a Third Party Service for so long as it is contractually obliged to.
- 5.5.2 If such Third Party Service is not in compliance with the requirements of the Third Party and Additional Services Policy:
 - (a) the CDSP shall not be treated as failing to comply with such [Third Party and Additional Services](#) Policy by reason of the continuation of the service as provided in paragraph ~~{5.5.1}~~; and
 - (b) at the earliest time (following the Implementation Date) at which the provision of such service expires or can be terminated by the CDSP without liability:
 - (i) the CDSP shall cease to provide such service; and
 - (ii) the CDSP may agree with the relevant Third Party revised terms for such service which are in compliance with the [Third Party and Additional Services](#) Policy.

5.6 Pre-DSC Agreements to remain in force

- 5.6.1 Each Pre-DSC Agreement shall remain in force on and after the Implementation Date only to the extent [and for so long as](#) necessary for the satisfaction and discharge of the rights and obligations of the Parties to such [Pre-DSC](#) Agreement in respect of services provided up to the CDSP Implementation Date and thereafter shall terminate, [subject to paragraph 5.6.3](#).
- 5.6.2 ~~For the avoidance of doubt, the~~ [The](#) Pre-DSC Agreements are ~~not treated as~~ terminated [under paragraph 5.6.1 and not](#) pursuant to the provisions for termination contained in those Agreements; ~~and (which provisions cease to have effect upon the Implementation Date); and~~ [subject to paragraph 5.6.3](#) the provisions of the Pre-DSC Agreements which apply ~~upon~~ [such in consequence of their](#) termination or upon their expiry shall not apply, [as a result of termination under paragraph 5.6.1](#).
- 5.6.3 [Where a Pre-DSC Agreement provides for any of its provisions to survive termination, such provisions shall survive termination under paragraph 5.6.1 so far as such provisions are applicable at such time, and except to the extent that the survival of any such provision would be in conflict with the DSC.](#)

5.7 Other [requirements under](#) DSC Service Documents

- 5.7.1 It is recognised that Xoserve generally has policies, procedures and arrangements (under the ASA or for internal purposes) which correspond to those which the CDSP is required to have in place under the Contract Management Arrangements and ~~Credit Policy~~ [other DSC Service Documents](#).
- 5.7.2 The CDSP shall before the Implementation Date review such policies, procedures and arrangements; adapt them as needed to conform with the requirements of the Contract

Management Arrangements ~~and Credit Policy~~ or relevant other DSC Service Document; consult with the Contract Management Committee to the extent it would do so under the Contract Management Arrangements or ~~Credit Policy~~ such other DSC Service Document; and adopt such policies, procedures and arrangements as those in place on the Implementation Date.

5.7.3 For the purposes of the Credit Policy, the CDSP will before the DSC Readiness Date prepare DSC Credit Rules, consult with the Credit Committee (if it is then formed) on such DSC Credit Rules and adopt such DSC Credit Rules as those to be in place on the Implementation Date (and which are to govern the requirements in paragraph 5.1.2(g) and 5.1.3(c)).

5.8 DSC Terms and Conditions

5.8.1 For the purposes of the DSC Terms and Conditions, data which:

- (a) is held by any Party immediately prior to the Implementation Date; and
- (b) would be Party Data (in relation to any Party) or Services Data if it had been sent to or processed by such Party under the DSC.

shall be treated as Party Data or Services Data (as appropriate) for the purposes of Clause 7 of the DSC Terms and Conditions.

5.8.2 For the purposes of the DSC Terms and Conditions, information which:

- (a) was obtained by a Party from another Party pursuant to a Pre-DSC Agreement at any time before the Implementation Date; and
- (b) would have been obtained by such Party under the DSC if the DSC had been in force at the relevant time.

shall be treated as information obtained by such Party for the purposes of Clause 9 of the DSC Terms and Conditions.

5.9 ~~5.8~~ DSC in force prior to Implementation Date

5.9.1 ~~5.8.1~~ The DSC shall be in force before the Implementation Date so far as is necessary to give effect to this paragraph 5 and paragraph 6.

6 DSC transition – financial

6.1 General

6.1.1 Except as provided in paragraphs 6.1.5 and 7 below, all Costs of the CDSP accruing on and from the Implementation Date will be Costs to be included in the CDSP Budget for the First CDSP Year (**First Year Budget**) (or subsequent CDSP Years) and recovered in accordance with the Budget and Charging Methodology.

6.1.2 Consistent with the accruals basis of accounting for the CDSP, and with paragraph ~~[6.1.1]~~, 6.1.1, except as provided in paragraphs 6.1.5 and 7 below:

- (a) Costs and revenues of Xoserve accruing before the Implementation Date are excluded from the First Year Budget (and from the Annual Accounts for the First

CDSP Year by reference to which adjustments are made under the Budget and Charging Methodology); and

- (b) Costs and revenues of the CDSP accruing on or after the Implementation Date are included in the First Year Budget (and in such Annual Accounts) for the First CDSP Year.

6.1.3 It is noted that the CDSP anticipates having adequate working capital as at the Implementation Date on the basis of the relative timing of receipt of revenues under the Pre-DSC Agreements relating to periods prior to the Implementation Date and the payment of outgoings of the CDSP relating to the same periods (but not on the basis of funding by margin in earlier periods as referred to in ~~f/~~[paragraph 4.4.2 of the Budget and Charging Methodology](#)).

6.1.4 It is noted that Xoserve may (as referred to in paragraph ~~f/~~[7\(b\)](#) of the CDSP Licence Condition) declare and pay a distribution to its shareholders in respect of the period ending immediately before the Implementation Date.

6.1.5 If the CDSP pays an amount in respect of a third party liability (being ~~a liability~~[an amount for which the CDSP is liable](#) to a person which is not a UNC Party, [in respect of any loss or damage of or other liability to such person](#)) for which the following conditions are satisfied:

- (a) the liability was directly caused by an act or omission of Xoserve occurring before the Implementation Date;
- (b) the amount (or part of the amount) of such liability was not accrued or provided for in the Annual Accounts for any period ending prior to the Implementation Date, but (if it had been known) should have been so accrued or provided; and
- (c) the third party has made a specific claim against the CDSP in respect of such liability no later than the second anniversary of the Implementation Date.

then the amount (or part of the amount as provided in paragraph (b)) paid by the CDSP in respect of such liability ([including any associated legal or other expenses](#)) shall be recovered from the Transporters (in the proportions in which, under the ASA, they would have funded it) and shall be excluded from the calculation of the Core Annual Service Charge Base for the CDSP Year in which it is paid; provided that such amount shall be reduced by the net amount of any over-provision or over-accrual in respect of any other cost or liability in the Annual Accounts for any period prior to the Implementation Date.

[6.1.6 The CDSP shall notify the Transporters of any claim in respect of such third party liability, and consult with the Transporters in respect of the defence, settlement or conduct of proceedings in respect of any such claim.](#)

6.2 First Year Budget

6.2.1 The CDSP shall establish the First Year Budget, and the Charging Statement for the First CDSP Year, in accordance with the Budget and Charging Methodology as if the DSC were already in force.

6.2.2 Pursuant to paragraph 1.7.1, as at the DSC Execution Date, the steps then taken by the CDSP for the purposes of establishing the First Year Budget, and the Annual Charging Statement for the First CDSP Year, shall be deemed to have been taken pursuant to the Budget and Charging Methodology.

- 6.2.3 The Statement of Planning Principles, First Year Budget and Annual Charging Statement for the First CDSP Year shall be prepared so as to reflect:
- (a) for the period from the Implementation Date until the Project Nexus Implementation Date, the provisions of the Code and the DSC as applying in that period pursuant to paragraph 2; and
 - (b) for the period from the Project Nexus Implementation Date until the end of the First CDSP Year, the provisions of the Code and the DSC as applying in that period on the assumption that paragraph 2 has ceased to apply.
- 6.2.4 A Customer may appeal the First Year Budget as set out in paragraph [4.7] of the Budget and Charging Methodology; and (pursuant to paragraph 1.7) any actions or failures (on the part of any Party) to act as required by the Budget and Charging Methodology in respect of such an appeal shall be deemed (from the time when the DSC comes into force) breaches of the DSC; provided that no Party shall be considered in such breach as a result of the Authority declining to hear such appeal.

6.3 Investment Costs

- 6.3.1 Under the ASA, the Transporters will fund investment costs of Xoserve which accrue prior to the Implementation Date, subject to paragraph ~~[6.4.3]~~6.4.3.
- 6.3.2 Subject to paragraph 7, Investment Costs (including Change Costs in respect of Transitional Service Changes as referred to in paragraph [5.3.1]) accruing on and from the Implementation Date will be included in the First Year Budget and (subject to paragraph [6.3.3])] will be recovered by Change Charges and Infrastructure Charges in accordance with the Budget and Charging Methodology.
- 6.3.3 In relation to any Transitional Service Change which is in respect of a User Pays Modification Proposal or a 'Service Change' within paragraph 5.3.1(b):
- (a) the Change Costs accruing on and after the Implementation Date in respect of such Transitional Service Change shall be recovered by the CDSP from the relevant Shipper Users (as Customers) by ~~[Specific Service Change Charges]~~ determined on the same basis as :
 - (i) the applicable User Pays Charge (applied on the basis of direct charging by the CDSP rather than by the Transporters), or
 - (ii) in a case within paragraph 5.3.1(b), the development and implementation funding was or was to be provided or committed; and
 - (b) the CDSP shall as soon as practicable following the Implementation Date prepare a version of the Specific Service Change Charges Annex setting out each such charging basis.

6.4 Financial close-out of existing arrangements

- 6.4.1 The provisions of the ASA will govern (and remain in place to govern) the financial settlement as between Xoserve and the Transporters in respect of costs and charges of the CDSP (other than as provided in paragraph [6.4.2]) accruing in respect of the period up to (but not including) the Implementation Date, including the rebate of any over-charge or recovery of any

under-charge on the basis of the Annual Accounts for the year ending immediately before the Implementation Date.

6.4.2 The provisions of the Non-Code User Pays [Services](#) Agreements will govern (and remain in place to govern) the financial settlement as between Xoserve and each Shipper User of charges under those Agreements in respect of the period up to (but not including) the Implementation Date.

6.4.3 In relation to any 'Change' (~~under~~[as defined in](#) the ASA) related to a ~~User Pays Code Modification~~[Proposal](#) (whether a Transitional Service Change or a Change which has been completed), where:

- (a) the Transporters have funded or will (pursuant to paragraph 6.4.1) fund costs of Xoserve accruing before the Implementation Date; and
- (b) the Transporters have not (as at the Implementation Date) recovered such amounts by charges to Shipper Users.

the provisions of the ~~User Pays Charging Statement~~ and the UNC shall govern (and remain in place to govern) the recovery of such amounts from Shipper Users by the Transporters, and the time at which such charges are determined and invoiced.

6.4.4 The activities under paragraphs 6.4.1, 6.4.2 and 6.4.3 are treated as taking place under the ASA, [Non-Code](#) User Pays [Services](#) Agreements and UNC (as appropriate) and are outside of the scope of authority of any DSC Committee.

7 Nexus

7.1 General

7.1.1 This paragraph ~~7~~[7](#) applies separately:

- (a) in respect of the modifications of the Code made by Modifications 0432, 0434 (except as provided in paragraph (b)) and 0440 (the **Main Nexus Modifications**); and
- (b) in respect of the modifications of the Code to introduce TPD Section E6.7 and M4.3 made by Modification 0434 (the **RAASP Nexus Modification**).

7.1.2 For the purposes of this paragraph ~~7~~[7](#), **Relevant Nexus Date** means:

- (a) in relation to the Main Nexus Modifications, the Project Nexus Implementation Date; and
- (b) in relation to the RAASP Nexus Modification, the date specified in paragraph 23.1 of Part IIC of the Transition Document (as modified pursuant to Modification 0573).

7.1.3 For the purposes of this paragraph ~~7~~[7](#), in relation to the Main Nexus Modifications and the RAASP Nexus Modification separately (each, **Relevant Nexus Modifications**):

- (a) **Relevant Nexus Costs** means:
 - (i) Nexus Costs accruing in the period from the Implementation Date to the Relevant Nexus Date;

- (ii) Nexus Costs accruing in the Relevant Period commencing on the Relevant Nexus Date; and
 - (iii) Nexus Costs incurred for the purposes of remedying Nexus Defects identified no later than the end of the Relevant Period commencing on the Relevant Nexus Date;
- (b) **Nexus Costs** means Costs incurred by the CDSP in implementing (including building, testing and commissioning) the Relevant Nexus Systems, including 'post-implementation support' following the Relevant Nexus Date, and including the remedy of any Nexus Defect (identified as provided in paragraph (a)(iii)), net of any amounts which are paid (as damages, liquidated damages, rebates or other compensation) to the CDSP by any contractor or vendor in respect of the Nexus Defect;
- (c) **Relevant Nexus Systems** means those parts of UK Link which are or are to be modified so that UK Link supports the provisions of the Code as modified by:
- (i) the Main Nexus Modifications^{13.2}; or (as the case may be)
 - (ii) the RAASP Nexus Modification^{13.2};
- and a reference to Relevant Nexus Systems is to those parts of UK Link, as so modified or to be modified, and excludes:
- (iii) any other part of UK Link^{13.2}; and
 - (iv) the effect of any other Modification (whether implemented before or after the Relevant Nexus Date);
- (d) **Relevant Period** means:
- (i) except as provided in paragraph (ii), a period of 3 months; and
 - (ii) in relation to the Relevant Nexus Systems to the extent they are part of UK Link Gemini, a period of 2 weeks;
- (e) **Nexus Defect** means a defect in the operation (following the Relevant Nexus Date) of the Relevant Nexus Systems such that the functionality or capability of the Relevant Nexus Systems is not in conformity with the Relevant Nexus Modifications and the Relevant Nexus BRDs, but excluding any such defect which constitutes or results from a failure of a Customer other than a Transporter to comply with any requirement in the Code or the UK Link Manual or the Relevant Nexus BRDs, or a failure of any such Customer's own systems; and
- (f) **Relevant Nexus BRDs** means the documents entitled 'Business Requirements Definitions' or (as case may be) 'Business Requirements Principles' relating to the Relevant Nexus Modifications (in each being the most recent update of such document prior to the CDSP Modification Date) as published on the website of the Code Administrator.

7.2 Transporters to bear Relevant Nexus Costs

- 7.2.1 It is agreed that Relevant Nexus Costs shall be recovered from the Transporters only and not from Shipper Users or Independent Gas Transporters.
- 7.2.2 Relevant Nexus Costs will be included as Change Costs in the CDSP Budget and Annual Accounts for the relevant CDSP Year, but the Budget and Charging Methodology shall be varied so that:
- (a) such Costs are not taken into account in calculating the Annual Class Change Charge Base for any Customer Class, or any Customer's Change Charge, for a CDSP Year; and
 - (b) such Costs are recovered by separate charges to Transporters in accordance with paragraph ~~[7.2.3]~~[7.2.3](#).
- 7.2.3 Such Costs will be charged to the Transporters in the proportions in which the Transporters have funded the development of the Relevant Nexus Systems up to the Implementation Date in accordance with the ASA.
- 7.2.4 For the purposes of the Change Management Procedures, the Service Changes made to implement the Relevant Nexus Modifications shall be deemed to be Restricted Class Changes for which the Relevant Customer Classes are the Transporters.

7.3 Identifying Relevant Nexus Costs.

- 7.3.1 Relevant Nexus Costs shall be identified in accordance with the Cost Allocation Methodology referred to in the Budget and Charging Methodology.
- 7.3.2 The CDSP shall monitor and record Relevant Nexus Costs separately from other Costs, and shall include details of such Costs in the Monthly Contract Management Report for ~~reach~~[each](#) Month in which such Costs are incurred.

7.4 Identifying Nexus Defects

- 7.4.1 The CDSP shall monitor the operation of the Relevant Nexus Systems during the Relevant Period and record all Nexus Defects identified within the Relevant Period, including any matter which any Party considers a Nexus Defect and notifies to the CDSP as such within the Relevant Period.
- 7.4.2 If a dispute arises as to whether a given matter constitutes a Nexus Defect, and such dispute is not resolved by discussion between the CDSP, Transporters and relevant Customer(s), such dispute shall be resolved ~~[[as a dispute under the UNC) by [by expert determination]-]]~~
under the DSC, for the purposes of which the Transporters, the relevant Customer(s) and the CDSP shall all be parties to the dispute.

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