















| Workgroup Report | | At what stage is this document in the process? |
|--|---|---|
| <h1>0565 0565A:</h1> <h2>Central Data Service Provider – General framework and obligations</h2> | | <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> |
| <p>Purpose of these Modifications:</p> <p>These Modifications identify the framework and principal obligations and terms under which the Central Data Service Provider (CDSP) will operate under the UNC. They also provide for the creation of a Data Services Contract (DSC) as a UNC ‘code referenced document’.</p> <p>Modification 0565A looks to change only the committee representations for the DSC committees and does not seek to vary any other area of the arrangements to be introduced by Modification 0565.</p> | | |
|  | <p>The Workgroup recommends that these modifications should:</p> <ul style="list-style-type: none"> not be subject to self-governance procedures proceed to Consultation <p>The Panel will consider this Workgroup Report on 04 November 2016. The Panel will consider the recommendations and determine the appropriate next steps.</p> | |
|  | <p>High Impact: Large and Small Transporters, Shipper Users and Transporter Agency. Indirect effect on ‘industrial & commercial’ and ‘domestic’ gas consumers.</p> | |
|  | <p>Medium Impact:</p> <p>None</p> | |
|  | <p>Low Impact:</p> <p>None</p> | |

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| Timetable | |  Any questions? |
| Modification timetable: | |  Any questions? |
| Initial consideration by Workgroup | 01 December 2015 |  Any questions? |
| Amended Modification considered by Workgroup | 26 October 2016 |  Any questions? |
| Workgroup Report presented to Panel | 04 November 2016 |  Any questions? |
| Draft Modification Report issued for consultation | 04 November 2016 |  Any questions? |
| Consultation Close-out for representations | 02 December 2016 |  Any questions? |
| Final Modification Report available for Panel | 07 December 2016 |  Any questions? |
| Modification Panel decision | 15 December 2016 |  Any questions? |



Any questions?

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1 Summary

What

At present, all Transporter Agency services pertaining to discharge of UNC obligations are the responsibility of the Gas Transporters (GTs) who contract with Xoserve via an Agency Services Agreement (ASA) for the delivery of these. Transporters receive allowed revenue through the RIIO framework to recover the forecast costs (set at the outset of the price control period) which Xoserve charge for providing those services (noting that the funding of User Pays services is outside of the allowed revenue arrangements).

The Funding, Governance and Ownership (FGO) Programme was established in May 2014 to define and deliver a blueprint for the future funding and governance of the Central Data Service Provider (CDSP) and Central Data Services (CDS), in line with Ofgem's FGO Review conclusions in October 2013. The implementation of these conclusions requires amendment to relevant regulatory and UNC arrangements and the development of a fully cooperative model for the CDSP, which retains the integrated CDS systems and services, which Xoserve presently delivers in its role as the Transporter Agency.

Why

Implementation of the FGO programme requires a UNC modification to develop and implement a framework appropriate to the efficient implementation of the FGO arrangements thereby giving effect to the proposed new GT Licence conditions. To the extent that obligations are changed or reassigned at a licence and/or UNC level, revisions to and/or replacement of Xoserve's existing service contracts will also need to be developed albeit this will occur outside of UNC governance. It is necessary for the cohesion of the overall framework that this occurs in parallel with these Modifications.

There is also a need to develop the Data Services Contract (DSC) in parallel with the UNC solution to ensure that the DSC and UNC complement each other, to ensure development of the DSC is subject to an appropriate level of governance and when approved, to adopt the DSC into the UNC as a code referenced document.

As the implementation of Project Nexus won't be achieved until after 1st April 2017, and to enable the FGO arrangements to be incorporated in UNC prior to Project Nexus, it is necessary to identify and implement relevant 'transitional' or interim terms within the UNC, these being based on the current version of the UNC Transportation Principal Document (TPD).

It is not possible for Independent Gas Transporters (iGTs) to be subjected to the FGO regime prior to Project Nexus implementation, as they will not have acceded to the UNC and become UNC parties until then. Therefore proposed changes to the General Terms (GT) will include further transitional terms to dis-apply certain elements of the proposed FGO arrangements (principally associated with iGTs).

It should be noted that the relevant post-Nexus terms will be contained within a further UNC Modification to be raised in due course.

[Modification 0565A](#)

For clarity, the intention of Modification 0565A looks to change only the committee representations for the DSC committees and does not seek to vary any other area of the arrangements to be introduced by Modification 0565.

How

Modification 0565

Modification of the UNC is required to identify the requirement for the CDSP and CDSP services within the UNC and to make corresponding changes in relevant obligations to reflect this. The creation of the DSC will also be required alongside the necessary UNC changes with the resulting DSC becoming a code referenced document once approved.

Modification 0565A

In addition to the above, this alternative modification is to vary the proposed constitution of the DSC committees to:

1. In line with the co-operative nature of FGO, provide a more balanced representation of the customer classes and to propose alternate voting rules to equalise participation in the committees; and
2. Rules to deal with any shortfall of nominated representatives in any customer class.

2 Governance

Justification for Urgency, Authority Direction or Self-Governance

Self-Governance procedures are not requested as these Modifications are expected to materially impact existing or future gas consumers; competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and the uniform network code governance procedures or the network code modification procedures.

Requested Next Steps

These modifications should:

- Not be subject to self-governance
- proceed to Consultation

The Workgroup agreed with the Modification Panel's view that as these modifications propose to change the scope of key customer facing terms and provisions within the UNC such as transfer of Supply Point ownership and Supply Point metering, that these would have a material impact and therefore these modification would not be suitable for self-governance.

The workgroup consider both modifications suitably developed to be issued to consultation.

3 Why Change?

The Transporter Agency, Xoserve is appointed by the Transporters to be responsible for discharging the Transporter's Licence and UNC obligations in respect of certain transportation services. These include energy balancing, allocation and settlement, NTS and LDZ capacity, invoicing, 'change of shipper user' systems/processes and provisions concerning the UK-Link system.

In the period 2012-13 Ofgem undertook a review of Xoserve's funding, governance and ownership arrangements. The objectives of the FGO Review were:

1. To promote increased Agency pro-activeness for the benefit of the broader industry;
2. To support the transparency and efficiency of Agency costs;
3. To position funding, risk and control of Xoserve and the central services it provides in the most appropriate way to support these objectives;
4. To implement governance arrangements that recognise the importance of Xoserve services to a broad range of stakeholders and are consistent with new regulatory arrangements for Transporters for Agency Services; and
5. To vary Ofgem's role in the setting of business plans and budgets for Agency Services.

Ofgem published its FGO Review conclusions in October 2013, in which it confirmed its preliminary recommendation that it would require changes to be made to the prevailing funding and governance arrangements so as to establish a co-operative model. This model requires Transporters and Shipper Users to participate jointly in the governance of Xoserve and in the funding of its central services. Ofgem's decision also confirmed that the Transporters will continue to own Xoserve, although the governance arrangements will ensure that they cannot have an undue influence over how Xoserve is run.

At present, all UNC obligations for central services are the responsibility of the Transporters who contract with Xoserve via the ASA.

These modifications seek to make the necessary changes for FGO, ensuring that the UNC is compliant with the proposed changes to the Standard Conditions of the Transporter Licence. It also provides for the creation of the DSC and for the resulting DSC to be adopted into the UNC as a code referenced document once approved.

The purpose of these modifications is to require all parties to establish and sign a relevant services contract with the CDSP (the DSC) and reallocate relevant UNC obligations to the CDSP in relation to CDS that are presently the responsibility of Transporters.

Of note it is intended that the proposed DSC between Xoserve and users of its services (replacing the ASA) will be as consistent as possible across all users (being Gas Distribution Networks (GDNs), National Grid Transmission (NTS), Shipper Users and Independent Gas Transporters (iGTs).

It is expected that service schedules in the DSC will vary according to the services each party takes. The use of relevant contract schedules will progressively increase as additional services are taken on by users. iGTs will be required to become signatories to the DSC following Project Nexus implementation.

UNC development work involves extensive changes to the UNC GT, TPD and Transition Document (TD). However, it should be noted that as FGO implementation was anticipated to be following Project Nexus implementation, all legal text pertinent to the TPD is predicated on the version of the UNC to be implemented within the remit of 'Project Nexus' UNC Modifications 0432, 0434 and 0440. Consequently, given that it is now likely that Project Nexus will not be implemented prior to 1st April 2017, to enable the FGO 'phase 2' arrangements to be implemented on the due date of 1st April 2017, it is clear that

measures are necessary to amend to text produced under this Modification to cater for the likely delay to Project Nexus implementation. This requires changes to the UNC pre-Project Nexus TPD to reflect the CDSP function.

Significantly, the principal effect of this is that iGTs would not be subject to the FGO arrangements until Project Nexus implementation given that they will not be acceded to the UNC until then and the 'single service' related provisions will not be effective. Therefore it will be necessary to dis-apply or 'set aside' proposed terms reflecting iGT requirements. Notwithstanding this, the legal text developed under this Modification will be relevant and effective in a pre and post Nexus contractual environment.

Relevant transitional terms associated with the pre-Nexus UNC contained within this Modification Proposal will lapse at the Project Nexus Implementation Date (PNID). A further 'complementary' UNC Modification Proposal will be raised in due course, which will contain additional UNC provisions relevant to the post-Nexus environment.

It should be noted that the proposed DSC will need to reflect a pre-Nexus approach. Therefore, the CDSP Service Description document will be drafted on the basis of the current service lines provided by Xoserve, i.e. pre-Project Nexus service lines. The DSC Transitional Arrangements document will also contain rules which make the necessary variations to the charging models, so for instance to substitute the 'Charge Base Apportionment Table' and to ignore all references to iGTs.

Modification 0565A

These new arrangements are intended to be cooperative with all parties sharing influence and control in centrally provided services from the CDSP. During the development of these new arrangements discussion in the workgroups has considered the structure of DSC committees and decision making and proposals for weighted voting based on market share of services was not supported by the majority of participants due to the complexity of managing such arrangements. Shipper and Transporter members with smaller numbers of customers felt that their views would be marginalised and decisions imposed unilaterally if the size of their voice was related to their share of the financial value of CDSP costs. Since all parties have an equal stake in ensuring that these arrangements work, and the cost drivers and cost allocation for the CDSP charges will be based on meter points rather than any organisation's size or volume of energy managed, then all parties should be treated equally and there should be an equal distribution among customer classes of representation on committees. Throughout the development of these arrangements we have divided classes in to Transporter Users and Shipper Users and then sub-divided them each into 3 further segments. Each of these sub-categories should be equally represented on the committees. Such an approach has been developed to encourage participation in the management of the DSC and to ensure no market sector is marginalised in the process. By requiring each market customer class to appoint committee members who are nominated from a wide customer base (as opposed to a one company, one vote approach), It will also future proof against any potential company sales and splits by avoiding the need to "rebalance" the total number of Network and Shipper representatives.

4 Code Specific Matters

Reference Documents

UNC including:

General Terms, Transporter Principal Document, Offtake Arrangements Document, Transition Document, Independent Transporter Arrangements Document, Modification Rules and UK Link Manual.

UNC related documents, including:

General:

Legal Text guidance document, User Pays guidance document, UNC Modification Proposals – Guidance for Proposers document.

TPD:

AUGE guidelines document, AUGÉ Framework document, Customer Settlement Error Claims Process – Guidance document, Energy Credit Balancing Rules, Guidelines document for the Energy Settlement Performance Assurance Regime, Network Code Reconciliation Suppression Guidelines, Operational Rules Governing the Supply of Invoice Charges via the Ad-hoc Process, Shared Supply Meter Points Guide and Procedures, Standards of Service Query Management Operational Guidelines, Validation Rules.

OAD:

Measurement Error Notification Guidelines for NTS to LDZ Measurement Installations.

Data Services Contract - note this is new contract that includes sections or references to the following;

Budget and Charging Methodology, Contract Management, Change Management, Credit Policy, Third Party and Additional Services Policy, Service Descriptions and Transition Rules.

Knowledge/Skills

No specific knowledge or skills were required for the assessment of these modifications.

5 Solution

Modifications 0565 and 0565A

To aid understanding of this Solution it is recognised that the changes to the UNC will be extensive, requiring input and consideration from all affected parties. Consequently it would be inappropriate for a Transporter to fully develop all of the obligations at this early stage. For this reason, the Solution identifies the broad requirements and it is expected that a dedicated UNC Workgroup will be required to develop them further.

Modification of the UNC is required to facilitate the incorporation of the following requirements:

- Introduce a definition of Central Systems Services Provider (CDSP) and CDSP Services.
- Introduce a definition of CDSP Agreement being the Data Services Contract (DSC). This will constitute a code referenced document.
- Introduce an obligation for all UNC Parties (Large and Small Transporters and Shipper Users to be party to and comply with the DSC.
 - Note; it will be necessary to include relevant terms in the DSC (i.e. those which create functions for the CDSP) to render the UNC provisions binding between the CDSP and UNC parties.

- The signing of the DSC will be a pre-requisite for accession to the UNC for new parties.
- Introduce an obligation for UNC parties to jointly control and govern the CDSP.
- Introduce an obligation for UNC parties to use or procure the use of CDS Services from the CDSP.
- Introduce an obligation for UNC parties to pay for CDS Services used in accordance with the charging statement prepared by the CDSP.
- Identify and where appropriate reallocate the present obligation on Large Transporters to provide CDS services to Shipper Users (while noting that the CDSP will continue to provide services that discharge residual GT obligations).
- Replace where relevant references to the Transporter with CDSP.
- Identify, categorise and allocate as required (from UNC parties being GDN, NTS & iGTs and Shipper Users) activities relevant to the UNC which are the functions of the CDSP and that the CDSP is contracted under the DSC by UNC parties to undertake such.
- Ensure consistency between the UNC and DSC such that there are no gaps or overlaps
- Introduce all new obligations, rules, governance and guidelines required for the successful operation of the DSC from implementation.
- Introduce transition terms to reflect contractual requirements pending implementation of UNC Modifications 0432, 0434 and 0440.
- Any provisions relevant to iGTs (Small Transporters) are to be dis-applied pending implementation of Project Nexus.

Legal drafting approach

- Uniform Network Code (UNC)
 - The new GT Section D – CDSP and UK Link will be drafted on the basis of the post-Project Nexus legal text. The DSC Transitional Arrangements document will contain rules which override or vary those parts of GT Section D where required, so for instance to modify GT Section D so all references to IGTs are ignored.
 - The changes to TPD Section G – Supply Points, Section H – Demand Estimation and Demand Forecasting and Section M – Supply Point Metering will be made against the current version of each of these sections, i.e. against the pre-Project Nexus text.
 - Other GT and TPD Sections will be drafted on the basis of the post-Project Nexus text. The DSC Transitional Arrangements document will contain rules which modify the enduring terms where needed.
 - Changes will be made to the IGT Arrangements Document (IGTAD) to reflect FGO arrangements, such that when the Project Nexus changes become effective and the IGTAD becomes part of the UNC it will properly reflect the requirements of FGO.
- Data Services Contract (DSC)
 - The DSC Agreement will provide for signature by the iGTs. The DSC Transitional Arrangements Document will then dis-apply all DSC rules, which are relevant to the iGTs.

- The DSC Terms and Conditions will be drafted on the basis of the post-Project Nexus text. The DSC Transitional Arrangements document will contain rules which modify any rules where needed before the Project Nexus text becomes effective.
- The CDSP Service Description document will be drafted on the basis of the current service lines provided by Xoserve, i.e. pre-Project Nexus service lines.
- The DSC Budget and Charging Methodology document will be drafted on the basis of the post-Project Nexus text. The DSC Transitional Arrangements document will contain rules which make the necessary variations, so for instance to substitute the 'Charge Base Apportionment Table' and to ignore all references to the iGTs.
- The other CDSP Service Documents (including the DSC Contract Management and Reporting Arrangements document) will be drafted on the basis of the post-Project Nexus text. The DSC Transitional Arrangements document will contain rules which modify any rules where needed before the Project Nexus text becomes effective.
- Amendments to the UK Link Manual will be necessary.

Central to the assessment of this Modification Proposal will be the need for detailed business rules predicated on the above principles and relevant legal text/commentary.

Modification 0565 proposes the following rules which are different to those proposed in Modification 0565A

Additional requirements – DSC sub-committee voting arrangements

During development of this Modification Proposal the constitution of the proposed DSC Sub-Committees has been considered at length and this has culminated in the raising of UNC Modification Proposal 0565A. That Modification identifies proposed voting arrangements in both Shipper and Transporter categories. The solution identified within Modification Proposal 0565A for the Shipper category has been adopted within this Modification Proposal 0565. However, a variation on the proposed arrangements for Transporter voting in Modification Proposal 0565A is identified within this Modification Proposal.

The proposed 3-2-1 arrangements (see solution below) has been determined to best reflect the level of interest in the activities of the CDSP each category of Transporter has under the proposed FGO arrangements. This will ensure Transporter parties have an appropriate level of accountability for the decisions of the CDSP.

Shipper User Representatives will be drawn from 3 sub-categories (as currently defined in GTD Annex D-2):

- Up to 2 drawn from Class A
- Up to 2 drawn from Class B
- Up to 2 drawn from Class C

The requirement is to ensure that there are always sufficient representatives to fill the seats in the relevant sub-committees. However, in the event that a sub-category of customer class is unable to field 2 representatives for the DSC Committees, the voting share of the sub-category may be held by one organisation (effectively allowing one representative to hold 2 votes).

In the event that no Shipper Users are nominated in any sub-category, if there are sufficient nominations for two representatives to be appointed from each of the remaining sub-categories, – one representative will be appointed from each. However, if there are insufficient nominations then the Shipper Users voting share will be divided equally between the remaining categories.

Shipper Options Matrix:

| | Class A | Class B | Class C |
|--|----------------------|----------------------|-----------------------|
| Sufficient Nominations in each class | 2 | 2 | 2 |
| If there are insufficient Nominations in one class – Implement | 2 | 2 | 0 |
| Option A – Implement | 2 | 2 | 1 Class A & 1 Class B |
| Option B – do not implement | 2 | 2 | 1 Class A only |
| Option C – Implement | 2 (50% voting share) | 2 (50% voting share) | 0 |

Transporter representatives will be sub-divided as follows:

- 1 representative appointed by NTS
- 3 representatives drawn from Distribution Network Operators (DNOs)
- Up to 2 representatives drawn from Independent Gas Transporters (iGTs)

The requirement is to ensure that there are always sufficient representatives to fill the seats in the relevant sub-committees. It is expected that NTS and DNOs will always nominate a full allocation of individuals and so contingency measures to account for nomination ‘shortfalls’ are not proposed. However, in the event that the iGT sub-category of customer class is unable to field two representatives for the DSC Committees, the voting share of the sub-category may be held by one organisation (effectively allowing one representative to hold 2 votes).

In the event that no nominations are made in the iGT sub-category, if there are sufficient nominations for two representatives to be appointed from each of the DNO and NTS sub-categories then one representative will be appointed from each. However, if there are insufficient nominations then the Transporters voting share will be divided equally between the DNO and NTS categories.

Transporter options matrix:

| | DNO | iGT | NTS |
|--------------------------------------|-----|-----|-----|
| Sufficient Nominations in each class | 3 | 2 | 1 |

| | | | |
|--|---|---------------|---|
| If there are insufficient Nominations in one class – Implement | 3 | 0 | 1 |
| Option A – Implement | 3 | 1 DNO & 1 NTS | 1 |
| Option B – do not implement | 3 | 1 DNO only | 1 |
| Option C – Implement | 4 | 0 | 2 |

Modification 0565A proposes the following rules which are different to those proposed in Modification 0565:

The proposed DSC committee composition has been developed to minimise the breadth of changes required to the current proposed DSC and UNC drafting whilst also minimising the overhead in managing such arrangements. Consequently, each Customer class will have 3 sub-categories and each sub-category will hold a combined 1/3 voting share which can be held either by each representative individually or by one representative collectively:

Shipper User Representatives will be drawn from 3 sub-categories (as currently defined in GT D Annex D-2,

- Up to 2 drawn from Class A
- Up to 2 drawn from Class B
- Up to 2 drawn from Class C

Transporter representatives will be sub-divided as follows:

- Up to 2 representatives appointed by NTS
- Up to 2 representatives drawn from DN Operators (DNOs), 1 representative from DNOs with more than 4 million supply points, and 1 representative from DNOs with less than 4 million supply points
- Up to 2 representatives drawn from Independent Gas Transporters (iGTs)

The desire is to ensure that there are always sufficient representatives to fill the seats in the relevant committees and every effort should be made to encourage full participation by the affected customer class. However, in the event that a sub-category of customer class is unable to field 2 representatives for the DSC Committees, the 1/3 voting share of the sub-category may be held by one organisation (effectively allowing one representative to hold 2 votes).

In the event that no Shipper Users are nominated in any sub-category, if there are sufficient nominations for two representatives to be appointed from each of the remaining sub-categories – one representative will be appointed from each, however if there are insufficient nominations then the shipper Users voting share will be divided equally between the remaining categories.

Shipper Options Matrix:

| | Class A | Class B | Class C |
|--------------------------------------|---------|---------|---------|
| Sufficient Nominations in each class | 2 | 2 | 2 |

| | | | |
|--|----------------------|----------------------|-----------------------|
| If there are insufficient Nominations in one class – Implement | 2 | 2 | 0 |
| Option A – Implement | 2 | 2 | 1 Class A & 1 Class B |
| Option B – do not implement | 2 | 2 | 1 Class A only |
| Option C – Implement | 2 (50% voting share) | 2 (50% voting share) | 0 |

To be detailed in GT D Annex D-2

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

These modifications propose significant changes to the current UNC structure, including changes to governance and funding of the Transporters Agency. However, these changes are unlikely to have a material impact on any current SCRs or the Project Nexus Implementation programme.

Consumer Impacts

No direct consumer impacts have been identified during the assessment of these modifications, as the impacts are restricted to Transporters and Shipper contractual arrangements. However, it is anticipated that the benefits established by these modifications should provide indirect benefits to consumers, as it is assumed that the adoption of a cooperative model for the management of central systems should lead to more efficient industry changes that benefit consumers.

Cross Code Impacts

There may be a need to review IGT UNC Modification 'iGT039 - Use of a Single Gas Transporter Agency for the common services and systems and processes required by the iGT UNC' to ensure consistency with the FGO and Project Nexus arrangements.

There may need to be a review of the arrangements in operation between Transporters, the Transporters Agency and Supply Point Administration Agreement administrator (SPAA) process.

EU Code Impacts

None identified.

Central Systems Impacts

Future requirements (for information only, not part of this Modification Proposal and would not materially impact Project Nexus Implementation):

A further UNC Modification Proposal will be required so that:

- the rules in the DSC Transitional Arrangements document which modify the changes to the UNC and the rules in the DSC which were introduced when Modification 0565 become effective are 'switched off';
- Each of TPD Section G – Supply Points, Section H – Demand Estimation and Demand Forecasting and Section M – Supply Point Metering will be deleted and replaced with new versions which reflect the post-Project Nexus text; and
- The CDSP Services Description will be substituted with a new version, which reflects the changes introduced through Project Nexus, i.e. the post-Project Nexus service lines.

Workgroup Impact Assessment

The workgroup has assessed Modifications 0565 and 0565A with the following conclusions:

- Neither modification would be suitable for self-governance as they are expected to have a material impact on the contractual relationships between UNC parties, including the establishment of the CDSP and DSC arrangements.
- Both modifications, if implemented would further the relevant objectives and that sufficient assessment has been undertaken to allow the modifications to be issued to consultation.
- It is noted that a number of UNC related or referenced documents would need to be reviewed and amended or withdrawn should the Authority direct either one of these modifications to be implemented.
- It is suggested that the FGO workgroup undertake an initial assessment of impacted UNC referenced documents and that any amendments be prepared for approval at the relevant UNC committees prior to 01 April 2017 FGO implementation date.
- It was also noted that the UK Link Subcommittee would need to be closed, as DSC committees would undertake its tasks. Therefore, it is recommended that the UNCC establish a transition process to allow such tasks and activities to migrate to the relevant DSC committee.
- It is recommended that existing UNCC subcommittees review their current Terms of Reference to ensure they would be consistent with the FGO regime should it be implemented.
- It is recommended that the UNCC consider options for establishing DSC committees prior to 01 April 2017 implementation date to ensure transition tasks are managed. This may include establishing the DSC Credit Committee to ensure suitable Credit Rules are approved prior to the implementation date.
- It should also be noted that Transition Rules allow for iGTs to be represented on DSC committees from the FGO implementation date, as these committees may be making decisions that impact iGTs once the Nexus arrangements are implemented.
- Licence Changes
- Charging Methodology
-
- Historical Liabilities
- Nexus considerations
- DSC Committee Structures
 - 0565 –

- 0565A -

User Pays

It should be noted that the arrangements proposed in these modifications remove the User Pays process from UNC.

| User Pays | |
|--|---|
| Classification of the modification as User Pays, or not, and the justification for such classification. | No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification. |
| Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view. | N/A |
| Proposed charge(s) for application of User Pays charges to Shippers. | N/A |
| Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve. | N/A |

7 Relevant Objectives

| Impact of the modification on the Relevant Objectives: | |
|--|-------------------|
| Relevant Objective | Identified impact |
| a) Efficient and economic operation of the pipe-line system. | None |
| b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters. | None |
| c) Efficient discharge of the licensee's obligations. | Positive |
| d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation | Positive |

| | |
|--|------------|
| arrangements with other relevant gas transporters) and relevant shippers. | |
| e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers. | None |
| f) Promotion of efficiency in the implementation and administration of the Code. | 0565/0565A |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

These modifications establish clear rules pertinent to Large and Small Transporters and Shipper Users with respect to the FGO programme and in particular the function of the CDSP. Such measures can be expected to facilitate relevant objective d) Securing of effective competition between Shipper Users. This is achieved by maximising the opportunity for parties to have influence in the efficient operation of the CDSP and ensuring clarity and transparency of UNC obligations discharged by the CDSP.

These modifications also facilitate implementation of the proposed Licence conditions underpinning FGO. This can be expected to facilitate relevant objective c) Efficient discharge of the licensee's obligations.

Modification 0565:

Modification 0565 should facilitate relevant objective f) Promotion of efficiency in the implementation and administration of the Code as the DSC committee structure proposed is representative of industry parties and those bearing the operational and investment risk.

Modification 0565A:

Modification 0565A should facilitate relevant objective f) Promotion of efficiency in the implementation and administration of the Code as the DSC committee structure proposed is representative of industry parties and provides equal representation for all DSC customer types.

8 Implementation

No implementation timescales are proposed. However, it is anticipated that if one of these modification were implemented, it would be effective from 1st April 2017 to comply with the proposed Transporter licence changes.

It should be noted that there is a dependency on development of appropriate CDSP funding arrangements and DSC.

9 Legal Text

Legal Text has been provided by National Grid Distribution and is published alongside this report <http://www.gasgovernance.co.uk/0565/>. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution for Modifications 0565 and 0565A.

Text Commentary

Text Commentary is published alongside this report. In addition see the:

DSC UNC Structure diagram in Appendix A.

Drafting approach diagram in Appendix B, and

Drafting approach document in Appendix C,

Text

Legal Text is published alongside this report.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

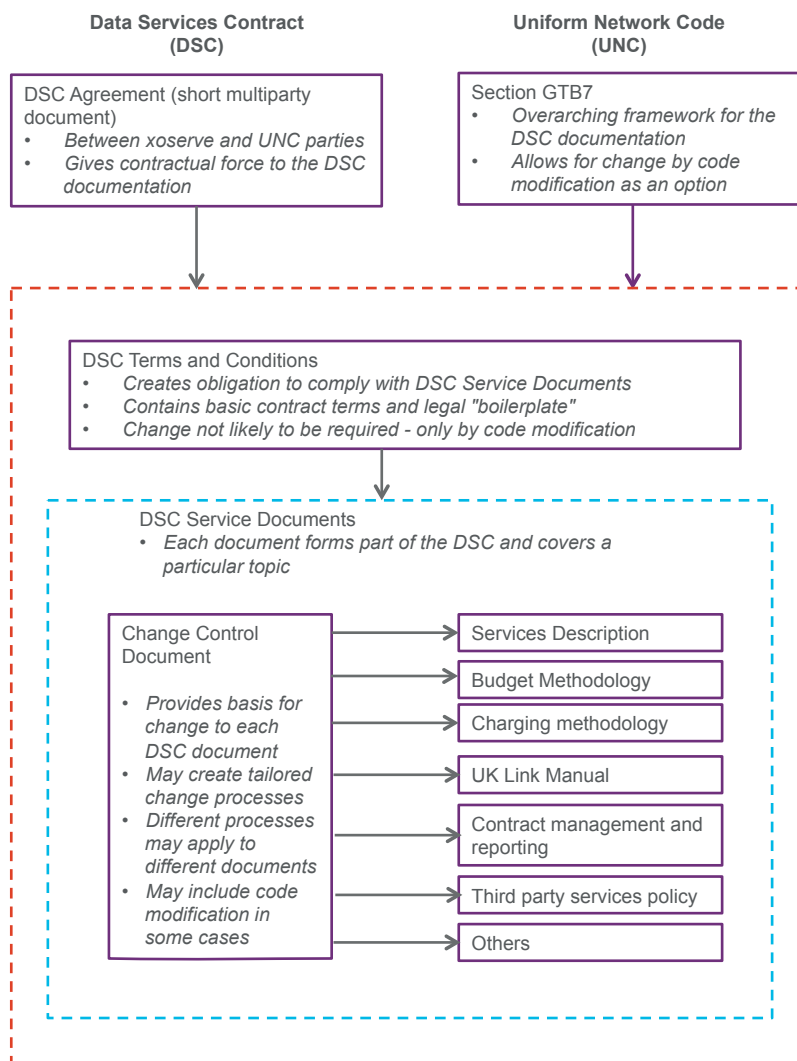
- These modifications should proceed to consultation.

Additional Workgroup recommendations:

- It is suggested that the FGO workgroup undertake an initial assessment of impacted UNC referenced documents and that any amendments be prepared for approval at the relevant UNC committees prior to 01 April 2017 FGO implementation date.
- That the UK Link Subcommittee would need to be closed, as DSC committees would undertake its tasks. Therefore, it is recommended that the UNCC establish a transition process to allow such tasks and activities to migrate to the relevant DSC committee.
- It is recommended that existing UNCC subcommittees review their current Terms of Reference to ensure they would be consistent with the FGO regime should it be implemented.

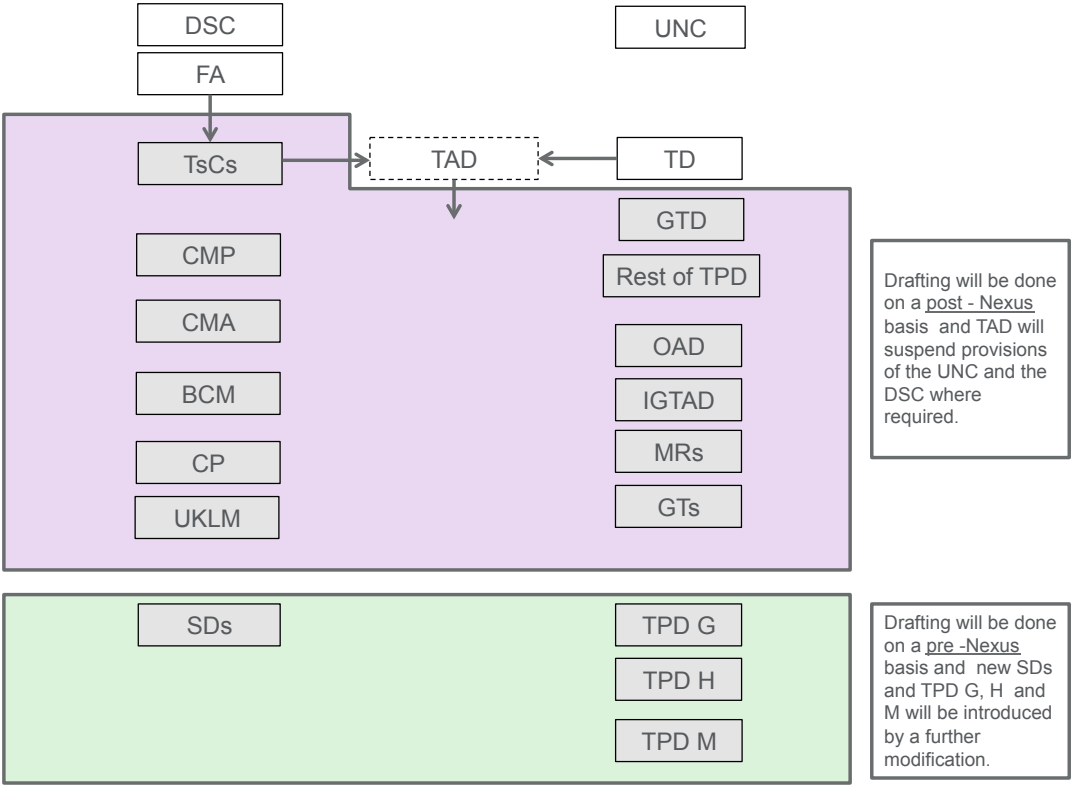
11 Appendix A - DSC / UNC Structure

FGO : Structure of DSC



12 Appendix B – Drafting Approach Diagram

FGO - DRAFTING APPROACH FOR 1 APRIL 2017



13 Appendix C – Draft Approach document

Final Version to replace this version prior to publication for Panel:

MODIFICATION 0565

(CENTRAL DATA SERVICES PROVIDER – GENERAL FRAMEWORK AND OBLIGATIONS)

LEGAL TEXT CHANGES TO UNIFORM NETWORK CODE

Drafting Notes:

1. *The legal text against which the drafting changes are shown below incorporates, except in the case of the changes to TPD Sections G, H and M, changes made by the core Project Nexus Modifications, i.e. Modifications 0432 and 0440.*
2. *The changes needed for Modification 0565 are therefore drafted on the basis the core Project Nexus Modifications have been implemented.*
3. *Therefore the Transitional Arrangements Document (one of the CDSP Service Documents), will include drafting which suspends or amends certain provisions introduced under Modification 0565 until the Project Nexus Implementation Date (see TAD paragraph 2).*

[Draft] proposed legal text

TRANSPORTATION PRINCIPAL DOCUMENT

TPD Section B: System Use and Capacity

Amend paragraph 1.7.1(a) to read as follows:

...comprise Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges,
~~User Pays Charges~~ and NTS Entry Capacity Retention Charges ...

Add new paragraph 1.15 to read as follows:

1.15 CDSP Functions

1.15.1 Agency Functions of the CDSP to support implementation of this Section B are:

- (a) calculating Transportation Charges, Overrun Charges, CSEP Overrun Charges and Supply Point Ratchet Charges; and
- (b) maintaining a record of Users Registered and Available System Capacity holdings.

Amend paragraph 1.7.8(a) to read as follows:

... the prevailing Transportation Statement, ~~or~~ Metering Charges Statement ~~or Agency Charging Statement;~~

Delete paragraphs 1.7.11, 1.17.12, 1.7.13 and 1.7.14[1].

TPD Section C: Nominations

Add new paragraph 1.14 to read as follows:

1.14 CDSP Functions

1.14.1 Agency Functions of the CDSP to support implementation of this Section C are calculating Forecast User LDZ Unidentified Gas for LDZs and calculating forecast User LDZ Unidentified Gas amounts.

TPD Section E: Daily Quantities, Imbalances and Reconciliation

Add new paragraph 1.14 to read as follows:

1.14 CDSP Functions

1.14.1 Direct Functions of the CDSP to support implementation of Section E are appointing and managing the AUG Expert.

1.14.2 Agency Functions of the CDSP to support implementation of Section E are:

- (a) calculating Daily Imbalances (including forecast and prevailing imbalances);
- (b) determining Error Revised UDQOs; and
- (c) calculating all values and amounts required to support Offtake Reconciliation and Unidentified Gas Reconciliation.

Amend paragraphs 9.2 and 9.3 to read as follows[2]:

9.2 Appointment of AUG Expert

9.2.1 A person shall be appointed by the ~~Transporters CDSP~~, in accordance with this paragraph 9.2, for the purposes of:

- (a) preparing the AUG Statement or (as the case may be) modifying the AUG Statement for the Preceding AUG Year, and recommending it to the Committee; and
- (b) preparing the AUG Table, and recommending it to the Committee, in relation to each AUG Year.

9.2.2 The ~~Transporters CDSP~~ shall, subject to and in accordance with the AUG Document and the requirements of the Committee:

- (a) prepare arrangements and documentation for a tender for the appointment of a person as AUG Expert;
- (b) conduct such tender on the basis of such arrangements and documentation;
- (c) review and assess the proposals made by persons tendering for appointment as the AUG Expert ("bidders") pursuant to the tender;
- (d) where appropriate (for the purposes of the selection of a bidder) enter into discussions with one or more bidders;
- (e) use reasonable endeavours to enter into an AUG Expert Contract with the selected bidder; and
- (f) perform the ~~Transporter CDSP~~ obligations, and exercise the ~~Transporters CDSP~~ rights, in accordance with the AUG Expert Contract.

9.2.3 Without prejudice to the requirements of the AUG Document, the ~~Transporters-CDSP~~ may seek guidance or direction of the Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 9.2.1, and may act in accordance with such guidance or direction.

9.2.4 This paragraph 9.2 shall apply on each occasion on which an AUG Expert is to be appointed.

9.3 Terms of engagement of AUG Expert and cost recovery

9.3.1 Nothing in this paragraph 9 shall require the ~~Transporters-CDSP~~ to enter into an AUG Expert Contract on terms which in the ~~Transporters'-CDSP's~~ reasonable opinion:

- (a) would be unlawful for the ~~Transporters-CDSP~~; or
- (b) would give rise to the ~~Transporters-CDSP~~ incurring any liability, other than in respect of ~~their-its~~ own wilful misconduct, gross negligence or fraud, ~~which the Transporters are not entitled to recover from Users pursuant to paragraph 9.3.5.~~

9.3.2 The ~~Transporters-CDSP~~ may enter into an AUG Expert Contract on terms which:

- (a) limit or exclude the liability (as to such matters as may be provided in such contract) of the AUG Expert;
- (b) provide that if a ~~User-Party~~ or any supplier or consumer makes any claim or takes any legal proceedings (as to such matters as may be provided in such contract) against the AUG Expert, the ~~Transporters-CDSP~~ will indemnify the AUG Expert in respect of such claim or proceeding,

and in such a case each ~~User-Party~~ undertakes that it shall not, and ~~in the case of a User it~~ shall procure that each supplier and consumer does not, make such a claim or take such proceedings against the AUG Expert, and shall indemnify the ~~Transporters-CDSP~~ in respect of any liability to the AUG Expert if such ~~User-Party~~ or any such supplier or relevant customer does make such a claim or take such proceedings.

~~9.3.3 The Transporters may agree the AUG Expert Contract shall be entered into by a single Transporter; but in the absence of such agreement they shall each be a party to the AUG Expert Contract.~~

9.3.4 For the avoidance of doubt, the ~~Transporters-CDSP~~ shall not be the agent or trustee of any ~~User-Party~~ for the purposes of the AUG Expert Contract, and the ~~Transporters-CDSP~~ shall owe no duties or responsibilities to any ~~User-Party~~ in respect of the AUG Expert Contract other than as provided in this paragraph 9 and the AUG Document.

~~9.3.5 The functions of the Transporters under this paragraph 9 (including the engagement of the AUG Expert) are User Pays Services and all amounts payable to the AUG Expert and any other costs, expenses and liabilities incurred under the AUG Expert Contract are recoverable as User Pays Charges.~~

TPD Section F: System Clearing, Balancing Charges And Neutrality

Add new paragraph 1.8 to read as follows:

1.8 CDSP Functions

1.8.1 Agency Functions of the CDSP to support implementation of this Section F are:

- (a) calculating Energy Imbalance Charges; and
- (b) calculating Scheduling Charges.

TPD Section G: Supply Point Capacity

To be amended in accordance with changes shown in the document attached as Annex A.

TPD Section H: Demand Estimation and Demand Forecasting

To be amended in accordance with changes shown in the document attached as Annex B.

TPD Section M: Supply Point Metering

To be amended in accordance with changes shown in the document attached as Annex C.

TPD Section Q: Emergencies

Add new paragraph 1.12 to read as follows:

1.12 CDSP Functions

1.12.1 Agency Functions of the CDSP to support implementation of this Section Q are:

- (a) maintaining a record of User emergency contact details; and**
- (b) managing post-emergency claims validation processes.**

Amend paragraph 4.5.9 to read as follows:

- 4.5.9 For the purposes of reviewing claims submitted by each claimant, National Grid NTS appoints the ~~Transporter Agency CDSP~~ as the claims reviewer (the “**Post-Emergency Claims Agent**”) to undertake the validation of all claims.

TPD Section S: Invoicing and Payment

Add new paragraph 1.13 to read as follows:

1.13 CDSP Functions

1.13.1 Agency Functions of the CDSP to support implementation of this Section S are:

- (a) notifying Users of invoice timing;**
- (b) calculating Invoice Amounts;**
- (c) submitting Invoice Documents (and supporting data); and**
- (d) resolving Invoice Queries.**

Delete paragraphs 4.6 and 4.7[3].

TPD Section U: UK Link

Delete all text in Section U.

TPD Section V: General

Add new paragraph 1.3 to read as follows:

1.3 CDSP Functions

1.3.1 Direct Functions of the CDSP to support implementation of this Section V are:

- (a) disclosing Supply Meter Point Information in accordance with paragraph 5.11;**
- (b) disclosing historic Supply Meter Point asset and read information in accordance with paragraph 5.15;**
- (c) disclosing MAP information in accordance with paragraph 5.16; and**

(d) disclosing smart meter data in accordance with paragraph 5.17.

1.3.2 Agency Functions of the CDSP to support implementation of this Section V are:

(a) managing the User accession, discontinuance and termination processes; and

(b) reporting on the theft of gas.

Amend paragraph 2.1.2 to read as follows:

2.1.2 The requirements referred to in paragraph 2.1.1(a) are as follows:

- (a) the Applicant User shall have applied to the Transporter, in such form as the Transporters may from time to time prescribe, giving the following details:
 - (i) the name of the Applicant User;
 - (ii) the legal nature of the Applicant User, and where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), such further information concerning the constitution of the Applicant User as the Transporter may reasonably require;
 - (iii) the postal and e-mail address and telephone and facsimile numbers of the Applicant User, and the individual for whose attention notice is to be marked, for the purposes of notice under GT Section B5.2.3 and B5.3.1;
 - (iv) where the Applicant User is not a company incorporated under the Companies Act 1985 (as amended), an address for service in accordance with paragraph GT Section B6.6.3;
- (b) where the Applicant User wishes to become a Shipper User, either:
 - (i) a Shipper's Licence shall have been granted to the Applicant User which is in force and in respect of which no notice of revocation has been given, and the Applicant User shall have provided a copy of such licence to the Transporter; or
 - (ii) a Shipper's Licence shall be treated as having been granted to the Applicant User pursuant to a scheme made under paragraph 15 or 16 of Schedule 5 to the Gas Act 1995;
- (c) where the Applicant User wishes to become a Shipper User in relation to an LDZ of which National Grid NTS is not the owner or operator, the Applicant User is, or will be, a Shipper User under National Grid's Network Code at the User Accession Date;

~~(d) the Applicant User shall have secured compliance with those requirements of Section U which are required to be complied with before a User is able to send and receive UK Link Communications, including without limitation:~~

~~(i) the installation and connection of the UK Link User Equipment and the UK Link User Software either at:~~

~~(1) the Applicant User's premises; or~~

~~(2) where the Applicant User secures the services of a User Agent for the installation and connection of the UK Link User Equipment and Software, at the User Agent's premises, provided that where the User Agent ceases or is unable (for any reason) to provide such services, then the Applicant User shall, as soon as is reasonably practicable after such cessation, secure the~~

installation and connection of the UK Link User Equipment and the UK Link User Software at the Applicant User's premises;

(ii) — the appointment of one or more Authorised Representatives[4];

- (~~dc~~) the Applicant User shall have provided the emergency contact details required under Section Q2.2;
- (~~ed~~) the Applicant User shall have obtained from the Transporters one or more copies of the Code and such other documents referred to in the Code or the Shipper Framework Agreement as the Transporters shall from time to time prescribe for the purposes of this paragraph (~~fe~~);
- (~~fe~~) where the Applicant User wishes to become a Shipper User, the Applicant User shall have been assigned an initial Code Credit Limit in accordance with paragraph 3;
- (~~gf~~) in relation to the NTS, the Applicant User shall have been assigned an initial Secured Credit Limit in accordance with Section X;-
- (~~hg~~) where the Applicant User wishes to become a Shipper User, the Applicant User shall have provided the Transportation Charges contact detail as required under Section 3.4.7;
- (~~h~~) where the Applicant User wishes to become a Shipper User, the Applicant User shall have signed the Accession Agreement and shall have satisfied the Accession Requirements (each as defined in the DSC); and
- (~~j~~) where the Applicant User wishes to become a Trader User, the Applicant User shall have signed a UK Link User Agreement and shall have paid the initial charge under and satisfied any other conditions to effectiveness of that Agreement.[5]

Amend paragraph 2.1.3 to read as follows:

- 2.1.3 An Applicant User may accede to a Shipper Framework Agreement before the requirements of paragraphs 2.1.2 (~~(d)~~, (~~g~~) and (~~h~~)) (~~(f)~~, (~~g~~) and (~~i~~)) are satisfied.

Amend paragraph 2.1.4 to read as follows:

- 2.1.4 Where in accordance with paragraph 2.1.3 an Applicant User has executed a Shipper Framework Agreement, the Applicant User and the Transporter shall be bound by this Section V ~~and (but only for the purposes of enabling an Applicant User to satisfy the requirements in paragraph 2.1.2 (d)) Section U~~; and the Applicant User shall for such purposes only be treated as a User.

Delete paragraph 2.1.5 and renumber paragraphs 2.1.6 to 2.1.8 accordingly.[6]

Amend new paragraph 2.1.6 to read as follows:

- 2.1.6 Where a Trader User wishes to become a Shipper User the Trader User must:
- (a) notify National Grid NTS, in such form as National Grid NTS may from time to time specify, that it wishes to become a Shipper User;
 - (b) satisfy those requirements in paragraph 2.1.2(b), (c), (~~(gf)~~) [~~and (i)~~] which the Trader User was not required to secure or satisfy for the purposes of becoming a Trader User; and
 - (c) be assigned a revised Secured Credit Limit in accordance with Section X
- and the Trader User shall become a Shipper User with effect from the Day which is 3 Business Days after satisfaction of the last or the requirements specified in this paragraph 2.1.7.

Amend new paragraph 2.1.7 to read as follows:

2.1.7 Where a Party who is a Shipper User wishes to become a Trader User such Party must:

- (a) cease to be a Shipper User of or in relation to a System (in accordance with paragraph 4.2); ~~and~~
- ~~(b) cease to be party to the DSC; and~~
- ~~(bc)~~ become a Trader User in accordance with paragraph 2.1.2 on the date on which it ceases to be a Shipper User.

Amend paragraph 2.2.2 to read as follows:

2.2.2 Upon the Applicant User's becoming a User pursuant to paragraph 2.2.1 the Transporter will so notify:

- (a) the Applicant User, specifying:
 - (i) the Transporter's notice details for the purposes of GT Section B5.2.3; and
 - (ii) the names of all other Users and their prevailing notice details in accordance with GT Section B5.2.3;
- (b) all other Users, ~~and the CDSP~~, specifying the name of the Applicant User, its notice details provided under paragraph 2.1.2(a)(iii) and the User Accession Date.

Amend paragraph 2.5.3 to read as follows:

2.5.3 Where an Applicant User informs National Grid NTS that it wishes to be admitted as a User pursuant to paragraph 2.5.1:

- (a) the requirements in paragraph 2.1.2(b), ~~(d)~~ and ~~(ei)~~ shall not apply in respect of the Applicant User;
- ~~(b) the requirement paragraph 2.1.2(j) shall apply in respect of the Applicant User as if it were a Trader User;~~
- ~~(bc)~~ it shall be an additional requirement for the purposes of paragraph 2.1.1 that, at the same time as the User accedes to the Framework Agreement, National Grid NTS and the User enter into a memorandum to record that the User is or is to be admitted pursuant to paragraph 2.5.1;
- ~~(ed)~~ National Grid NTS's notification to Users ~~and the CDSP~~ under paragraph 2.2.2(b) will specify that the Applicant User has been so admitted.

Amend paragraph 3.3.2 to read as follows:

3.3.2 Without prejudice to paragraph 3.3.3, where a User fails to provide such additional surety or security as required in paragraph 3.3.1(b) by the date specified in the notice pursuant to 3.3.1(b):

- (a) with effect from the next Business Day after the date specified in such notice, the User shall pay to the Transporter that amount set out in the table in paragraph 3.2.10(a), based upon the amount of additional surety or security demanded by the Transporter and the daily charge set out in paragraph 3.2.10(b); and
- (b) subject to paragraph 3.3.1, where and for so long as the User's Value at Risk exceeds 100% of the User's Code Credit Limit, the Transporter shall be entitled to reject or refuse to accept all or any of the following by the relevant User:
 - (i) an application for System Capacity or increased System Capacity at any System Point under Sections B or G5; and/or

- (ii) a notice of appointment under Section B3.13.8 if the User is the proposed Overrun User;
- (iii) in relation to the NTS:
 - (1) a System Capacity Trade under Section B5 in respect of which the User is Transferee User;
 - (2) a System Capacity Assignment under Section B6 in respect of which the User is the Assignee User;

until such time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit; and

- (c) where from the fifth Business Day after the date specified in the notice, the User's Value at Risk exceeds 100% of the User's Code Credit Limit, the Transporter shall be entitled to require the CDSP to reject or refuse to accept a Supply Point Nomination or Supply Point Confirmation under Section G, other than a Supply Point Renomination, or Supply Point Reconfirmation, until such time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit.

Amend paragraph 4.1.3 to read as follows:

- 4.1.3 The Transporter will as soon as reasonably practicable after the User Discontinuance Date notify all other Users and the CDSP of a User's ceasing to be a User.

Amend paragraph 4.2.2 to read as follows:

- 4.2.2 A User may not cease to be a User under this paragraph 4.2 until such time as:

- (a) all amounts payable or (other than in respect of any recurrent charge becoming payable by reason only of the lapse of time after the date on which the last of the other requirements of this paragraph 4.2.2 is satisfied) which may become payable by the User to the Transporter pursuant to any provision of the Code, the Shipper Framework Agreement or any Ancillary Agreement have been paid in full;
- (b) the User is not the Registered User in respect of any Supply Point and is not party to any Shared Supply Meter Notification;

~~(c) the User has complied with the requirements of Section U2.8; (7)~~

- ~~(dc)~~ under National Grid NTS's Network Code, there is no outstanding Daily Imbalance or NDM Reconciliation Quantity or DM Reconciliation Quantity in respect of the User;

- ~~(ed)~~ any requirements under any Ancillary Agreement in respect of termination under this paragraph 4.2 have been complied with; and

- ~~(fe)~~ any outstanding breach, being a breach capable of remedy and of which the Transporter has given notice to the User, by the User of any provision of the Code or the Shipper Framework Agreement or any Ancillary Agreement shall have been remedied; and

- ~~(f)~~ the User (if a Shipper User) has satisfied the Withdrawal Requirements (as defined in the DSC, or (if a Trader User) has satisfied the requirements for voluntary termination of the UK Link User Agreement;

- ~~(H)~~ and a User may not cease to be a User of the NTS until the User ceases to be a User of each LDZ.

Amend paragraph 4.2.5 to read as follows:

4.2.5 Notwithstanding paragraph 4.2.4, without prejudice to paragraph 4.1.2(a), the Transporter or (as the case may be) the Discontinuing User shall remain liable, subject to and in accordance with the Code, to the other and (in the case of the Discontinuing User, subject to paragraph GT Section B2.4.2) to each other User, after the User Discontinuance Date:

- (a) for any amount which was or becomes payable under the Code or any Ancillary Agreement in respect of any period before the User Discontinuance Date; and
- (b) in respect of any outstanding breach of any provision of the Code, the Shipper Framework Agreement or any Ancillary Agreement where such breach was not (for the purposes of paragraph 4.2.2 (fe) capable of remedy or (notwithstanding that paragraph) was capable of remedy but was not remedied.

Amend paragraph 4.3.1 to read as follows:

4.3.1 For the purposes of this paragraph there shall have occurred a "**User Default**" in relation to a User (the "**Defaulting User**") in any of the following events or circumstances:

- (a) where in relation to any amount (or amounts in aggregate) of not less than £10,000 which has become due for payment by the Defaulting User under the Code (excluding for the avoidance of doubt amounts the subject of an Invoice Query which by virtue of Section S4.2.2 have not become due for payment):
 - (i) the Defaulting User has not paid the amount in full by the 5th Business Day after the due date for payment;
 - (ii) on or after the 5th Business Day after the due date for payment the Transporter has given notice to the Defaulting User requiring payment of such amount; and
 - (iii) the Defaulting User has not paid such amount in full by the 5th Business Day after the date of the Transporter's notice under paragraph (ii); or
- (b) in accordance with paragraph 3.3.3; or
- (c) where:
 - (i) the Defaulting User is in material breach, other than such a breach as is referred to in paragraph 4.3.9, of any material provision (other than a payment obligation) of the Code; and
 - (ii) the breach is capable of remedy by the Defaulting User; and
 - (iii) the Transporter has given notice (making reference to this paragraph 4.3) of such breach to the Defaulting User; and
 - (iv) within 14 Days after the Transporter's notice under paragraph (iii), the Defaulting User does not either:
 - (1) remedy the breach in all material respects, where the breach is capable of remedy within such period of 14 Days; or
 - (2) where the breach is not so capable of remedy, provide to the Transporter a programme (setting out the steps to be taken by the User and the timetable for taking such steps) for the remedy of the breach as soon as is reasonably practicable; and
 - (v) in the case in paragraph (iv)(2), the Defaulting User does not:

- (1) remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the programme provided under that paragraph or a revised programme pursuant to paragraph (2); and
 - (2) where notwithstanding the reasonable diligence of the User it is not reasonably practicable for the User to remedy the breach in accordance with that programme, provide to the Transporter a revised such programme; and
- (vi) the breach remains unremedied in any material respect after the expiry of 7 Days after a further notice by the Transporter to the Defaulting User to the effect that the Defaulting User has not complied with paragraph (iv) or (v); or
- (d) where:
 - (i) the Defaulting User is in material breach, other than such a breach as is referred to in paragraph 4.3.9, of any relevant provision (other than a payment obligation) of the Code; and
 - (ii) the breach is not capable of remedy; and
 - (iii) the Transporter has given notice (making reference to this paragraph 4.3) of the breach to the Defaulting User; and
 - (iv) at any time within the period of 12 months following the Transporter's notice under paragraph (iii), there occurs a further material breach by the Defaulting User of the same provision of the Code; and
 - (v) the Transporter has given a notice of such further breach to the Defaulting User and a period of 7 Days has expired following such notice; or
- (e) where:
 - (i) the Defaulting User is unable to pay its debts (within the meaning of Section 123(l) or (2) of the Insolvency Act 1986, but subject to paragraph 4.3.2), or any voluntary arrangement is proposed in relation to it under Section I of that Act or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
 - (ii) the Defaulting User has a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed; or
 - (iii) the Defaulting User has an administration order under Section 8 of the Insolvency Act 1986 made in relation to it; or
 - (iv) the Defaulting User passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
 - (v) the Defaulting User becomes subject to an order by the High Court for winding-up; or
 - (vi) the Defaulting User becomes subject to a bankruptcy order; or
 - (vii) the Defaulting User becomes subject to an event made in a jurisdiction outside England and Wales, equivalent or analogous to any one or more of those events listed in paragraphs 4.3.1(e)(i) to (vi) above; or

- (f) where the Shipper's Licence granted to the Defaulting User is determined or revoked or otherwise ceases to be in force for any reason whatsoever, or such licence is assigned unless such assignment is contemporaneous with an assignment by the User of all of its rights and obligations under the Code and the Framework Agreement in accordance with GT Section B6.1; ~~or~~
- (g) an event which entitles National Grid NTS to give a Termination Notice pursuant to paragraph X2.9.3, X2.10.10 or X3.2.2.; or
- (h) the Defaulting User (if a Shipper User) has committed a Default under the DSC.

Amend paragraph 4.3.8 to read as follows:

- 4.3.8 Where the Transporter has given a Termination Notice it shall be entitled to inform such persons as it thinks fit (including another Transporter) that it has done so, including the supplier and consumer in relation to any Supply Point of which the Defaulting User was Registered User, the Connected System Operator or Delivery Facility Operator in relation to any Connected System Exit Point or System Entry Point comprised in an Aggregate System Entry Point at which the Defaulting User held System Capacity, and any person from whom the Transporter believes the Defaulting User to have purchased gas for delivery to the Total System; and it shall inform the CDSP that it has done so.

Amend paragraph 5.3.2 to read as follows[8]:

- 5.3.2 For the purposes of paragraph 5.3.1:

- (a) information obtained by a Party in the course of the negotiation of the Code or a Framework Agreement shall be Protected Information only insofar as such information was obtained in writing;
- (b) the fact that a Party receives information from the CDSP does not prevent such information being Protected Information for the purposes of that Party's obligations under paragraph 5.3.1;
- ~~(b)~~ (c) the following information shall (without prejudice to the generality of paragraph 5.3.1(a)(i)) be treated as information relating to the affairs of a User:
 - (i) the identity, address and any other details of a supplier or consumer, or any representative thereof, insofar as disclosed by the User to the Transporter pursuant to or for the purposes of the Code;
 - (ii) (without prejudice to paragraph 5.5.2(d)) information provided by the User to the Transporter pursuant to Sections L and O and details of the User's Code Credit Limit and record of payment of charges under the Code;
- (d) information which (pursuant to the terms of the DSC) belongs to the CDSP is not Protected Information.
- ~~(e) the following information shall (without prejudice to the generality of paragraph 5.3.1(b)(i)) be treated as relating to the affairs of the Transporter: details of Demand Models, End User Categories and other information provided by that Transporter to Users pursuant to Section H; the UK Link Manual; information (other than information referred to in paragraph (b)) which is maintained or recorded in the UK Link System.[9]~~

Add new paragraph 5.3.5 to read as follows:

5.3.5 Confidentiality as between a Party or Parties and the CDSP is governed by the DSC and not the Code.

Amend paragraph 5.5.2 to read as follows:

5.5.2 Nothing in paragraph 5.1 or 5.2 shall apply:

- (a) to the disclosure or use by the Disclosing Party of Protected Information to which the Protected Party has consented in writing;
- (b) to any Protected Information which:
 - (i) before it is obtained by the Disclosing Party is in the public domain; or
 - (ii) after it is obtained by the Disclosing Party enters the public domain
 - (iii) in either case otherwise than as a result of a breach by the Disclosing Party of its obligations under paragraph 5.1 or 5.2;
- (c) to the disclosure of any Protected Information to any person if and to the extent that the Disclosing Party is required to make such disclosure to such person:
 - (i) in compliance with the duties of the Disclosing Party under the Act or any other requirement of a Competent Authority; or
 - (ii) in compliance with the conditions of the Transporter's Licence or (as the case may be) Shipper's Licence held by the Disclosing Party or any document referred to in such licence with which the Disclosing Party is required by virtue of the Act or such licence to comply; or
 - (iii) in compliance with any other Legal Requirement; or
 - (iv) in response to a requirement of any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or
 - (v) pursuant to any provision of GT Section A or pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to the Disclosing Party;
- (d) to the disclosure of any Protected Information (whether pursuant to an Agency Function or a Direct Function) by the CDSP (and no disclosure of information by the CDSP shall be treated as disclosure by a Party);
- ~~(de)~~ to any Protected Information to the extent that the Disclosing Party is expressly permitted or required to disclose that information:
 - (i) under the terms of any agreement or arrangement made with the Protected Party or to which it is party (including the Code, the relevant Framework Agreement and any Ancillary Agreement to which the Protected Party is party or bound);
 - (ii) under the terms of the DSC;^[10]
- ~~(ef)~~ to the disclosure of Protected Information to any lending or other financial institution proposing to provide or arrange the provision of finance to the Disclosing Party, where and to the extent that the disclosure of such information is reasonably required for the purposes of the provision or arrangement of such finance, and provided that the person to whom the information is disclosed undertakes in writing to and in terms reasonably satisfactory to the Protected Party to maintain the confidentiality of such information;
- ~~(fg)~~ to the disclosure of any Protected Information to the Authority, where the Disclosing Party considers in good faith that the Protected Party may be in breach of a condition of the

Transporter's Licence or (as the case may be) the Shipper's Licence, to the extent reasonably necessary to draw such possible breach to the attention of the Authority;

- (gh) to the disclosure of any Protected Information to any person proposing to make a connection directly or indirectly to a System, where and to the extent that the disclosure of such information is reasonably required for the purposes of supporting the Transporter's charges or requirement to allow such proposed connection to a System to be made and provided that the person to whom the information is to be disclosed is informed in writing of the confidentiality of such information and that prior to disclosure, such person has entered into a confidentiality agreement with the Transporter which prohibits use or disclosure of such Protected Information in terms no less onerous than those contained in this paragraph 5;
- (hi) to the disclosure of Protected Information to the ~~Transporter Agency CDSP~~ to the extent such disclosure is required or permitted under the Code or necessary for the purposes of the undertaking by the CDSP of its functions under the Code or is required under the DSC Transporter Agency of the Transporter Agency Activities.

Amend paragraph 5.5.3 to read as follows:

5.5.3 Nothing in paragraph 5.1 shall apply to the disclosure by the Transporter of Protected Information:

- (a) to any person to the extent such disclosure is required pursuant to the Modification Rules;
- ~~(b) to any UK Link User where such information is contained in a User Trade Communication transmitted to such UK Link User in accordance with the requirements of Section U5 or is accessible by such UK Link User by or from UK Link in accordance with any function or facility of UK Link described in the UK Link Manual;[11]~~
- (eb) to any User Agent where the disclosure by the Transporter of such Protected Information to the appointing User would not have infringed paragraph 5.1;
- (ec) referred to in paragraph 5.3.2(b)(i) where the supplier or consumer concerned has consented to such disclosure pursuant to a Siteworks Contract, Network Exit Provisions or other document contemplated by the Act, the Transporter's Transporter's Licence or the Code as being entered into by the Transporter and the consumer;
- (ed) to the Authority where (in connection with any Agency Function of the CDSP) such information is accessible by the Authority by or from the UK Link System to the extent of the access and in accordance with any function or facility thereof described in the UK Link Manual;[12]
- (fe) to the Trading System Operator to the extent required pursuant to the provisions of Section D or to any person to the extent required pursuant to the Trading System Arrangements;
- (gf) to a consumer or an appropriate person to the extent designated by the authority within Standard Special Condition A31 of the Transporter's Licence and a supplier shall be an appropriate person pursuant to Standard Special Condition A31((2)(d)(ii) where its application is for the receipt of data for change of supplier purposes;
- (hg) to another Transporter to the extent such disclosure is required for the purposes of the Code or the Transporter's Licence;

- (ih) to contractor or agent of the Transporter where the contractor or agent has entered into a confidentiality agreement with the Transporter on terms no less onerous than those of this paragraph 5;
- (ji) to any person pursuant to an application made in accordance with paragraph 7.3 ('Other User Access') of Schedule 23, version dated 7 November 2008, contained in the Supply Point Administration Agreement ('SPAA') 11th June 2004 made between the parties listed in Schedule 1 of the SPAA; or
- (ki) to the Performance Assurance Framework Administrator, provided the terms of the relevant PAFA Contract require the Performance Assurance Framework Administrator to maintain the confidentiality of such information on terms no less onerous than those of this paragraph 5, save to the extent disclosure of such information is necessary to comply with the terms of the PAFA Contract.[13]

Amend paragraph 5.5.4 to read as follows:

5.5.4 Where:

- (a) the Disclosing Party has complied with the data security requirements of the DSC Section U1.8; and
- (b) notwithstanding such compliance a person obtains any Protected Information by unauthorised access to any element of UK Link for the security of which the Disclosing Party is (in accordance with the DSC Section U) responsible

the Disclosing Party shall not be in breach of paragraph 5.1 or 5.2 by virtue of such person having so obtained such Protected Information.

Amend paragraph 5.8.1 to read as follows:

5.8.1 Subject to paragraph 5.8.2(a), the data, including metering data, which is processed by or recorded or maintained on the UK Link System by the CDSP pursuant to its Agency Functions (including all intellectual property rights in such data) shall belong for the purposes of the Code to the Transporter which owns or operates the System to which such data relates; and subject to paragraph 5.8.2(b) the Transporter may, but without prejudice to paragraph 5.1 or any other requirement of the Code, use and deal with such data as it thinks fit.

Amend paragraph 5.8.2 to read as follows:

5.8.2 Where pursuant to the Code a User provides or arranges for the provision of data to a Transporter (including provision to the CDSP behalf of the Transporter pursuant to its Agency Functions):

- (a) such data (as provided to the Transporter by the User) shall belong to the User;
- (b) the User hereby grants to the Transporter (its successors, assigns, agents and contractors) a perpetual, non-exclusive, royalty-free licence (which shall survive the User Discontinuance Date) in respect of such data and all intellectual rights therein to use, copy, adapt and deal with such data for the purposes of performance and implementation of the Code and for other purposes contemplated by the Code, but not otherwise;
- (c) paragraph 5.8.1 shall apply in respect of data derived (pursuant to any process) by the Transporter from such data and in all compilations created by or on behalf of the Transporter of such data.

Amend paragraph 5.11.1 to read as follows:

5.11.1 Where in respect of any Supply Point the ~~Transporter-CDSP~~ is requested by a Registered Metering Applicant to disclose to such Registered Metering Applicant the information detailed in Annex V-5 ("Supply Meter Point Information") then the Registered User of such Supply Point agrees that any such request will be regarded as made on behalf of such Registered User and accordingly the ~~CDSP is (pursuant to the DSC) be Transporter-is~~ authorised by such Registered User to disclose such Supply Meter Point Information to the Registered Metering Applicant in accordance with such request.

Amend paragraph 5.11.2 to read as follows:

5.11.2 For the purposes of paragraph 5.11.1, "Registered Metering Applicant" is any person who is registered to request and receive Supply Meter Point Information from the ~~CDSP Transporter~~ or any person who is not currently registered to request and receive Supply Meter Point Information but such request relates to a period when they were previously registered to request and receive Supply Meter Point Information pursuant to an appropriate registration scheme administered by the ~~Transporter-CDSP~~.

Amend paragraph 5.11.3 to read as follows:

5.11.3 Where in respect of any Supply Point for which details of the relevant Meter Asset Manager are not populated in the Supply Point Register the ~~Transporter-CDSP~~ is requested by an Accredited Meter Asset Manager to disclose information in relation thereto to such Accredited Meter Asset Manager, then provided the Accredited Meter Asset Manager notifies the relevant meter point reference number for each relevant Supply Meter Point comprised within such Supply Point to the ~~Transporter-CDSP~~ the Registered User of such Supply Point agrees that any such request will be regarded as made on behalf of such Registered User and accordingly the ~~Transporter-is-CDSP shall be~~ authorised by such Registered User to disclose the following items of information in respect of each Supply Meter Point comprised in the Supply Point Registration for such Supply Point to the Accredited Meter Asset Manager in accordance with such request:

- (a) meter serial number;
- (b) supplier; and
- (c) model (meter).

Amend paragraph 5.15.1 to read as follows:

5.15.1 Where in respect of any Supply Point, the ~~Transporter-CDSP~~ is requested by the Registered User to disclose such historic Supply Meter Point Asset and Read data (the information detailed in Annex V-8 "Historic Supply Meter Point Asset and Read information") then the Registered User of such Supply Points agree that any such request will be regarded as made on behalf of such Registered User and accordingly the ~~CDSP is (pursuant to the DSC) Transporter-is~~ authorised to disclose such Information in accordance with such request.

Amend paragraph 5.15.2 to read as follows:

5.15.2 Upon a request by any Registered User, the ~~Transporter-CDSP~~ shall as soon as reasonably practicable provide the Registered User with the details specified in paragraph Annex V-8 in respect of each Supply Point (other than an NTS Supply Point) for which the User is the Registered User (relevant Supply Point) at the date on which the ~~Transporter-CDSP~~ is in receipt of the User's Request.

Amend paragraph 5.16.4 to read as follows:

5.16.4 Subject to paragraphs 5.16.6 and 5.16.7 below, where ~~a-Transporter-the CDSP~~ is requested by a MAP to provide information in respect of a given Supply Meter Point and provided the MAP notifies the ~~Transporter-CDSP~~ of the Meter Point Request Information for each relevant Supply Meter Point comprised within such Supply Point, then, subject to paragraph 5.16.5, any such request shall be regarded as made on behalf of the Registered User and the ~~Transporter shall CDSP is (pursuant to the DSC)~~ be authorised by such Registered User to disclose the Meter Point Information to the MAP for each Supply Meter Point comprised in the Supply Point Registration for such Supply Point.

Amend paragraph 5.16.5 to read as follows:

5.16.5 Meter Point Information shall only be provided in respect of a given Supply Meter Point where the Meter Point Request Information matches the records on the Supply Point Registration. Where the Meter Point Request Information fails to match the records on the Supply Point Registration the ~~Transporter-CDSP~~ shall:

- (a) provide a response to the MAP indicating that the Meter Point Request Information supplied by the MAP has failed to match the records on the Supply Point Registration; and
- (b) provide no further information in respect of this Supply Meter Point.

Amend paragraph 5.16.7 to read as follows:

5.16.7 The MAP and the ~~[14]Transporter[CDSP]~~ shall enter into a confidentiality agreement (on terms no less onerous than those of this paragraph 5) for the purposes of receiving the information pursuant to paragraph 5.16.4. Such confidentiality agreement shall detail the permitted purpose for such information and shall include an expressed benefit on Registered Users and each Registered User shall be entitled to enforce the agreement (pursuant to the Contract (Rights of Third Parties) Act 1999) as if it were the ~~Transporter[CDSP]~~.

Amend paragraph 5.17 to read as follows:

The ~~Transporters-are-[CDSP is]~~ ~~[15]~~ authorised to disclose such data as is set out within Annex V-10 to the holder of the "smart meter communications licence" as defined by Statutory Instrument 2012 No.2400: The Electricity and Gas (Smart Meters Licensable Activity) Order 2012. Such data may relate to all Supply Meter Points regardless of status and includes Supply Meter Points which are located on the network of an Independent Gas Transporter where provided to ~~the Transporters[CDSP]~~ ~~[16]~~.

Amend heading at paragraph 6 to read as follows:

USER AGENTS ~~AND TRANSPORTER AGENCY~~

Amend paragraph 6.2.1 to read as follows:

6.2.1 A person who is a User or another UK Link User (~~in accordance with Section U~~) may be appointed as User Agent (a "UK Link User Agent") for the purposes of making and receiving Code Communications as UK Link Communications.

Amend paragraph 6.2.4 to read as follows:

6.2.4 The appointing User may change the categories of Code Communication for which a UK Link User Agent is appointed by giving notice to the Transporters ~~and the CDSP~~ to that effect specifying the changed categories in accordance with paragraph 6.2.2 and the date in accordance with paragraph 6.3.4 with effect from which such change is to take effect.

Amend paragraph 6.3.1 to read as follows:

- 6.3.1 A User wishing to appoint a User Agent shall give notice to the Transporters and the CDSP:
- (a) specifying the identity of the appointing User and the proposed User Agent;
 - (b) specifying the categories of Code Communication (in the case of UK Link Communications, in accordance with paragraph 6.2.2) for which the User Agent is to be appointed, or specifying that the User Agent is appointed for all such categories; and
 - (c) specifying the Day in accordance with paragraph 6.3.4 with effect from which the appointment is to take effect.

Amend paragraph 6.3.3 to read as follows:

- 6.3.3 The appointing User may terminate the appointment of a User Agent by giving notice to the Transporters and the CDSP to that effect specifying the date in accordance with paragraph 6.3.4 with effect from which such termination is to take effect.

Amend paragraph 6.3.4 to read as follows:

- 6.3.4 The date with effect from which a User Agent is appointed, or the categories of Code Communication for which a UK Link User Agent is appointed may be changed, or the appointment of a User Agent may be terminated, shall be not less than 5 Business Days after the User's notice to the Transporters and the CDSP thereof; provided that upon the User's request in exceptional circumstances the Transporters will endeavour to accommodate notice (of any such matter) of a lesser period.

Amend paragraph 6.4.3 to read as follows:

- 6.4.3 Any Code Communication given by a User Agent within the categories for which such agent is appointed shall be deemed to have been given by and shall be binding on the appointing User, and the Transporters and the CDSP shall be entitled without enquiry as to the agent's authority to rely on such Code Communication for all purposes of the Code.

Amend paragraph 6.4.6 to read as follows:

- 6.4.6 No Transporter shall be responsible , and the CDSP shall not be responsible, for any unauthorised use or disclosure by a User Agent of information relating to the appointing User (whether or not obtained, in the case of a UK Link User Agent, in its capacity as UK Link User).

Delete paragraph 6.5[17]

Add new paragraph 8.1.7 to read as follows:

8.1.7 Liability as between a User or Users and the CDSP is addressed in the DSC.

Amend paragraph 10.1.1 to read as follows:

- 10.1.1 For the purposes of this paragraph 10:
- (a) **"Compensation Rule"** means a rule pursuant to the Code, identified as such and providing for the Transporter or Transporters to pay an amount by way of compensation to Users;
 - (b) **"Compensation Year"** means a period of 12 months expiring 31 March in any year;
 - (c) **"Compensation Provisions"** means the provisions of the Code which establish a Compensation Rule;

- (d) **"Compensation Group"** means a group of Compensation Rules, such groups being designated as Groups A to L inclusive, and the Compensation Group to which each Compensation Rule belongs being specified in the relevant Compensation Provisions;
- (e) the **"Group Limit"** in respect of each Compensation Group is as follows:
- (i) for each of Groups A, B, C, ~~and D, F and K~~: £5,000,000[18];
 - ~~(ii) for Group E: £2,500,000 in respect of Larger Supply Points and £2,500,000 in respect of Smaller Supply Points[19];~~
 - ~~(iii)~~ for Group G: £4,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points;
 - ~~(ivii)~~ for Group H: £1,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points;~~and~~
 - ~~(v) for Group I: £3,000,000[20];~~
 - ~~(ivi)~~ for Group J: £2,500,000 in respect of Larger Supply Points; ~~and~~
 - ~~(vii) for Group L: £5,000,000 in respect of Larger Supply Points and £5,000,000 in respect of Smaller Supply Points[21];~~
- (f) an amount is **"adjusted"** where it has been adjusted pursuant to paragraph 10.2.2 and/or 10.2.3, and otherwise is **"unadjusted"**.

Amend paragraph 16.1.1 to read as follows:

16.1.1 For the purposes of the Code:

- (a) **"LDZ Settlement Related Obligations"** means obligations under the Code, including obligations undertaken by the ~~Transporter Agency CDSP by way of Direct Functions [or as Agency Functions]~~ on behalf of the DNOs, the standard of performance of which (including any delays or failures in the performance of which) has, or may have, a material impact on the following matters:
- (i) the quantities of gas treated as offtaken from Local Distribution Zones;
 - (ii) the quantities of gas treated as delivered at LDZ System Entry Points; or
 - (iii) reconciliations and adjustments in respect of gas offtaken from Local Distribution Zones and/or delivered to LDZ System Entry Points.
- For the avoidance of doubt, LDZ Settlement Related Obligations shall not include any obligations relevant to the determination of the quantities of gas delivered or treated as delivered to the NTS or from the NTS to any LDZ;
- (b) **"Performance Assurance Scheme"** means a scheme for monitoring and reporting on the performance by Shipper Users, DNOs and ~~on behalf of the DNOs, the Transporter Agency the CDSP~~, of LDZ Settlement Related Obligations;
- (c) **"Performance Assurance Framework Administrator"** or **"PAFA"** means the person from time to time appointed and engaged to act as such pursuant to paragraph 16.3; and
- (d) **"Performance Assurance Framework Document"** or **"PAF Document"** means the document entitled "Guidelines for Energy Settlement Performance Assurance Regime" published by the DNOs, as such document is amended from time to time pursuant to paragraph V12, setting out:

- (i) the scope of the Performance Assurance Scheme, including requirements with respect to the establishment and maintenance of a register of risks associated with LDZ Settlement Related Obligations, and a registry of reports on the standards of performance of DNOs the CDSP ~~,(including those of the Transporter Agency on their behalf)~~ and Shipper Users' collectively and individually with respect to specific LDZ Settlement Related Obligations;
- (ii) the procedure for appointment of the PAFA and for the establishment by the Performance Assurance Committee of:
 - (1) the qualifications and competencies required of any person to be appointed as the PAFA;
 - (2) the criteria for selection of a person to act as PAFA;
 - (3) certain terms of appointment of the PAFA, including with respect to the duration of the appointment of the PAFA, the scope of services to be provided by the PAFA and the basis on which such appointment may be extended in terms of duration and/or scope; and
 - (4) requirements as to re-tendering the appointment of the PAFA from time to time; and
- (iii) any other matters (consistent with paragraph 16.1.1(d)(i) the Performance Assurance Committee decides and the DNOs agree should be included.
- (e) **"PAFA Contract"** means the contract of engagement of a person as PAFA as provided in paragraph 16.3.1;
- (f) subject to paragraph 16.2.1, the **"Performance Assurance Committee"** or **"PAC"** is the Uniform Network Code Committee or any relevant sub-committee.

Amend paragraph 16.3.1 to read as follows:

16.3.1 A person shall be appointed by the DNOs CDSP, in accordance with this paragraph 16.3, for the purposes of conducting the functions ascribed to the PAFA by the PAF Document (as at the time of such appointment), including the preparation, maintenance and management of the registers referred to in paragraph 16.1.1(d)(i) and the determination of DNOs', the CDSP's and Shipper Users' levels of performance of specific LDZ Settlement Related Obligations.

Amend paragraph 16.3.2 to read as follows:

16.3.2 The DNOs CDSP shall, subject to and in accordance with the PAF Document and (where consistent with the provisions of this paragraph 16 and the PAF Document) the requirements of the PAC, as soon as reasonably practicable:

- (a) prepare arrangements and documentation for a competitive tender for the appointment of a person as PAFA in accordance with relevant Legal Requirements;
- (b) conduct such tender on the basis of such arrangements and documentation, including with respect to any such pre-qualification and selection criteria as may be specified by the PAC;
- (c) review and assess the proposals made by persons tendering for appointment as the PAFA pursuant to the tender;
- (d) where appropriate for the purposes of determining which of such persons to appoint as PAFA, enter into discussions with one or more of them;

- (e) use reasonable endeavours to enter into an PAFA Contract with the person selected on the basis of the competitive tender process, such contract to commence as soon as reasonably practicable and to provide for the PAFA to act with all due skill, care and diligence and impartiality when performing of its duties thereunder and in so far as reasonably practicable to act equitably as between Shipper Users, DNOs and the ~~Transporter Agency CDSP~~ in identifying, monitoring and reporting on material risks in connection with specific LDZ Settlement Related Obligations with respect to the matters specified at paragraph 16.1.1(a)(i) to (iii);
- (f) notify Shipper Users ~~and Transporters~~ of the appointment of the PAFA; and
- (g) perform the ~~DNOs' CDSP's~~ obligations and exercise the ~~DNOs' CDSP's~~ rights under the PAFA Contract.

Amend paragraph 16.3.3 to read as follows:

16.3.3 Without prejudice to the requirements of the PAF Document, the ~~DNOs-CDSP~~ may seek guidance from the PAC in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 16.3.2, and may act in accordance with such guidance.

Amend paragraph 16.3.4 to read as follows:

16.3.4 Nothing in this paragraph 16 shall require the ~~DNOs-CDSP~~ to enter into a PAFA Contract where in the ~~DNOs' CDSP's~~ reasonable opinion:

- (a) it would be unlawful to do so; or
- (b) [the contract could give rise to the ~~DNOs-CDSP~~ incurring any liability, other than in respect of their own wilful misconduct, gross negligence or fraud, ~~which the DNOs are not entitled to recover from Shipper Users~~].[22]

Delete paragraph 16.3.5 and renumber paragraph 16.3.6 accordingly.

Amend paragraph 16.4.1 to read as follows:

16.4.1 The ~~Transporters-CDSP~~ may enter into a PAFA Contract on terms which limit or exclude the liability (as to such matters as may be provided in such contract) of the PAFA.

Amend paragraph 16.4.2 to read as follows:

16.4.2 For the avoidance of doubt, the ~~DNOs-CDSP~~ shall not be the agent or trustee of any ~~User-Party~~ for the purposes of the PAFA, and the ~~DNOs-CDSP~~ shall owe no duties or responsibilities to any ~~User-Party~~ in respect of the PAFA Contract other than as provided in this paragraph 16.

Amend paragraph 16.4.3 to read as follows:

16.4.3 The ~~DNOs-CDSP~~ shall provide the PAFA with such information as he reasonably requires for the purpose of performing his functions under the PAF Contract and such assistance as he may reasonably require in interpreting such information.

Amend Annex V-6 to read as follows:

Shipper TOG Report Data

| Column | Data |
|-------------------------------|--|
| Shipper Short Code / DNO Name | The unique code which identifies each Shipper Licence or the DNO Name. |

| | |
|--|---|
| Number of cases received | The number of theft of gas cases received by the Transporter Agency-CDSP during the reporting month. |
| Number of cases cleared | The number of theft of gas cases that have closed during the reporting month. |
| Number of cases still outstanding | The number of theft of gas cases that remain open at the end of the reporting month. |
| Number of cases cleared as valid | The number of theft of gas cases that have closed during the reporting month for which gas has been confirmed as being illegally taken. |
| Number of cases cleared as invalid | The number of theft of gas cases that have closed during the reporting month for which it has not been confirmed that gas was illegally taken. |
| Number of cases cleared and kWh provided | The number of theft of gas cases that have closed during the reporting month for which the kWh has been provided or calculated. |
| Total kWh provided | The total amount of kWh which has been reported to have been illegally taken for the closed cases for the Shipper in the reporting month. |
| Number of cases cleared – Shipper actioned | The number of theft of gas cases that have closed during the reporting month which have been investigated by the Shipper during the reporting month. |
| Total outstanding awaiting Shipper action | The number of theft of gas cases that remain open and which are awaiting a response from a Shipper at the end of the reporting month. |
| %Cleared Cases Subject to eighty (80) day Closures | The percentage of the total number of closed cases which have been subject to the eighty (80) day automatic closure. |
| Number of cases outstanding at eighty (80) days following receipt | The number of theft of gas cases that have closed during the reporting month because the Shipper has not responded to a request for information after eighty (80) days. |
| %Cleared Shipper actioned | The percentage of the total number of theft of gas cases that have closed which have been investigated by the Shipper during the reporting month. |
| Number of cases sent to Shipper for action | The number of theft of gas cases that have been passed to the Shipper for its investigation during the reporting month. |
| Reasonable Endeavours Claims Received | The number of reasonable endeavours claims that have been received by the Transporter Agency in the reporting month. |
| Reasonable Endeavours Claims Cleared. | The number of reasonable endeavours claims that have been processed by Transporter Agency in the reporting month. |
| Reasonable Endeavours Claims Rejected | The number of reasonable endeavours claims that have been rejected by Transporter Agency in the reporting month. |
| Reasonable Endeavours Claims Accepted | The number of reasonable endeavours claims that have been invoiced by Transporter Agency-CDSP in the reporting month. |

Amend Annex V-7 to read as follows:

Transporter TOG Report Data

| Column | Data |
|---|--|
| Shipper Short Code / DNO Name | The unique code which identifies each Shipper Licence or the DNO Name. |
| Number of cases received | The number of theft of gas cases received by the Transporter <u>Agency-CDSP</u> during the reporting month. |
| Number of cases cleared | The number of theft of gas cases that have closed during the reporting month. |
| Number of cases still outstanding | The number of theft of gas cases that remain open at the end of the reporting month. |
| Number of cases cleared as valid | The number of theft of gas cases that have closed during the reporting month for which a gas has been confirmed as being illegally taken. |
| Number of cases cleared as invalid | The number of theft of gas cases that have closed during the reporting month for which it has not been confirmed that gas was illegally taken. |
| Number of cases cleared and kWh provided | The number of theft of gas cases that have closed during the reporting month for which the kWh has been provided or calculated. |
| Total kWh provided | The total amount of kWh which has been reported to have been illegally taken for the closed cases for the DNO in the reporting month. |
| Number of cases cleared – Shipper actioned | The number of theft of gas cases that have closed during the reporting month which have been investigated by the Shipper during the reporting month. |
| Number of cases cleared – DNO actioned | The number of theft of gas cases that have closed during the reporting month which have been investigated by the DNO. |
| Revenue recovered | The amount of revenue recovered following confirmation that gas has been illegally taken pursuant to DNO Licence Condition 7(2). |

TPD Section X: Energy Balancing Credit Management

Add new paragraph 1.7 to read as follows:

1.7 CDSP Functions

1.7.1 Agency Functions of the CDSP to support implementation of this Section X are:

- (a) implementing the Energy Balancing Credit Rules and liaising with the Energy Balancing Credit Committee;
- (b) managing Users Energy Balancing accounts and Further Security Requests;
- (c) monitoring and revising Users Secured Credit Limits and submitting Cash Calls; and

- (d) calculating Relevant Balancing Indebtedness and Outstanding Relevant Balancing Indebtedness.

OFFTAKE ARRANGEMENTS DOCUMENT

OAD Section M: Information Flows

Amend paragraph 2.1.2 to read as follows:

- 2.1.2 The Offtake Communications Document may (without limitation) specify any of the matters in paragraph 2.1.1:
- (a) in relation to any category of information, generically by reference to a part of this Document or the Transportation Principal Document, or function or activity pursuant to this Document or the Transportation Principal Document, or specification (provided such specification is available to all Parties) of a system provided by a Party or Parties in connection with the implementation of this Document or the Transportation Principal Document; and/or
 - (b) by reference to any provision of any agreement to which the Parties are party, including without limitation the ~~Agency Services Agreement DSC~~; and/or
 - (c) in the form of a process diagram or other procedure.

Amend paragraph 2.2.1 to read as follows:

- 2.2.1 (Unless otherwise provided elsewhere in the Transportation Principal Document or this Document) the means by which information may be provided by a Party are as follows:
- (a) by telemetry as provided in Section E;
 - (b) by or through the ~~Agency, CDSP~~ or by means of systems provided by the ~~Agency CDSP~~, pursuant to the ~~Agency Services Agreement DSC~~;
 - (c) by fax in accordance with GT Section B5.2;
 - (d) by telephone in accordance with GT Section B5.3;
 - (e) by any other specific medium and/or communications system described in the Offtake Communications Document; and/or
 - (f) any combination of the above.

OAD Section N: General

Amend paragraph 4.2.2 to read as follows:

- 4.2.2 The requirements referred to in paragraph 4.2.1(a) are as follows:
- (a) the New DNO shall have applied to National Grid NTS, in such form as the Offtake Committee may from time to time prescribe, giving the following details:
 - (i) the name of the New DNO;
 - (ii) the legal nature of the New DNO and, where the New DNO is not a company incorporated under the Companies Act 1985 (as amended), such further information concerning the constitution of the New DNO as National Grid NTS may reasonably require;

- (iii) the address, telephone and facsimile numbers of the New DNO, and the individual for whose attention notice is to be marked, for the purposes of notice under GT Section B5.2.3; and
- (iv) where the New DNO is not a company incorporated under the Companies Act 1985 (as amended), an address for service in accordance with GT Section B6.7.3;
- (b) the New DNO shall have obtained from the Offtake Committee one or more copies of the Subsidiary Documents and such other documents referred to in this Document or the Transporters Framework Agreement as the Committee shall from time to time prescribe for the purposes of this paragraph 4.2.2(b);
- (c) the New DNO has entered into or has had assigned or novated to it Supplemental Agreements with the relevant Party in respect of each Offtake relating to the LDZ of which it is operator as required by this Document; ~~and~~
- (d) the New DNO has satisfied any requirements which may apply under the Offtake Communications Document-; ~~and~~
- (e) the New DNO shall have signed the Accession Agreement and shall have satisfied the Accession Requirements (each as defined in the DSC).

Amend paragraph 5.1.1 to read as follows:

5 Cessation, withdrawal and termination

5.1 Withdrawal

- 5.1.1 A DNO ("withdrawing DNO") may cease to be a Party where the following conditions are, or will (with effect from its ceasing to be a Party) be, satisfied:
- (a) the withdrawing DNO has ceased to be the operator of any LDZ;
 - (b) the withdrawing DNO is not bound to be a Party by the conditions of a Transporter's Licence;
 - (c) the withdrawing DNO is not bound by the Code pursuant to any Shippers Framework Agreement;
 - (d) all Supplemental Agreements to which the withdrawing DNO is party have been assigned or novated to another Party or have been terminated;
 - (e) there are no financial or other liabilities or obligations (whether accrued, outstanding or contingent) of the withdrawing DNO to any other Party under this Document-; ~~and~~
 - (f) the withdrawing DNO has satisfied the Withdrawal Requirements (as defined in the DSC).

Amend paragraph 7.1.6 to read as follows:

- 7.1.6 In the event of any conflict between this paragraph 7.1 and any provision of the ~~Agency Services Agreement Data Services Contract~~ or; ~~the~~ Joint Governance Arrangements Agreement, the relevant provision of the ~~Agency Services Agreement Data Services Contract~~ or; ~~the~~ Joint Governance Agreement shall prevail.

INDEPENDENT GAS TRANSPORTERS ARRANGEMENTS DOCUMENT

Section A: Scope and Classification

Amend paragraph 1.7 to read as follows:

1.7 Agency-Company CDSP

1.7.1 Pursuant to GT Section [D] ~~Each~~ Independent Gas Transporter is to engage ~~the Agency Company-CDSP~~ to undertake certain activities (in relation to the IGT Code) including activities equivalent to certain of those of the ~~Transporter Agency-CDSP~~ pursuant to ~~TPD Section V, and to act as agent of the Independent Gas Transporter for certain purposes the~~ Transportation Principal Document,; and ~~each Independent Gas Transporter~~ is to enter into an agreement ~~the DSC~~ with the ~~Agency Company-CDSP~~ for those purposes.

~~1.7.2 For the purposes of the Code;~~

~~(a) "Agency Company" means the person which acts as Transporter Agency pursuant to TPD Section V6.5; and~~

~~(b) "IGT Agency Services Agreement" means the agreement referred to in paragraph 1.7.1.~~

1.7.32 Each DN Operator and each Independent Gas Transporter are also to engage the ~~(pursuant to the DSC) Agency Company-CDSP~~ to provide and receive certain data pursuant to this Document.

1.7.43 The ~~Agency Company-CDSP~~ may, as agent for each DN Operator and each Independent Gas Transporter, provide and receive information which is not specified in paragraphs 3.1.2, 3.1.3 and 3.2.2 of IGTAD Section D to the extent that it is necessary to do so to enable the operation of the Code.

1.7.4 The services to be provided by the CDSP to DN Operators and Independent Gas Transporters in connection with this Document are CDSP Agency Services.

Section B: IGT Systems – Connection and Operational Arrangements

Add new paragraph 1.7 to read as follows:

1.7 CDSP Functions

1.7.1 Agency Functions of the CDSP to support implementation of this Section B are maintaining IGT System Registrations on behalf of DN Operators.

Section D: IGT Code Rules and Data Exchange

Amend paragraph 2.1.2 to read as follows:

2.1.2 Notwithstanding paragraph 2.1.1, it is acknowledged and agreed that (as ~~provided~~ reflected in the ~~IGT Agency Services Agreement DSC Services Description~~) the provisions of [an] IGT Code in relation to the registration of New Supply Meter Points and the provision of Supply Meter Installations may differ from those of the Transportation Principal Document to reflect differences (which do not prejudice the objective set out in paragraph 1.1.1) in the processes applied by Independent Gas Transporters in relation to those matters.

Amend paragraph 3.3 to read as follows:

3.3 ~~Transporters' Agency Central Data Services Provider~~

3.3.1 ~~Pursuant to the DSC, Each each~~ DN Operator and each Independent Gas Transporter ~~shall~~ appoint the ~~Agency Company CDSP~~ as its agent to provide and receive the information specified in paragraphs 3.1.2, 3.1.3 and 3.2.2 (and ~~they~~ shall not provide such information other than by the ~~Transporters' Agency CDSP~~).

3.3.2 The Parties acknowledge and agree that:

- (a) the services of the ~~Agency Company CDSP~~ to be provided respectively to Independent Gas Transporters and to DN Operators ~~under the DSC Services Description~~ include the provision of the information specified in paragraphs 3.1 and 3.2 respectively;
- (b) by virtue of such services, each Independent Gas Transporter and DN Operator will (provided it complies with the requirements in paragraph 2 and the ~~arrangements made with the Agency Company DSC~~, and subject to paragraph (c)) comply with the requirements of paragraph 3.1 and 3.2;
- (c) it is the responsibility of the Independent Gas Transporter to enforce the IGT Code in relation to IGTS Users; and
- (d) paragraph (b) will not apply in relation to an Independent Gas Transporter to the extent that the failure of a IGTS User to comply with the IGT Code results in any failure of the Independent Gas Transporter to provide information in accordance with paragraph 3.1.

3.3.3 Each Party acknowledges that the ~~Agency Company CDSP~~ may provide to the other Parties information received from the first Party or its Users to the extent necessary to give effect to the provisions of this Section D.

Section E: DM CSEP Supply Points

Amend paragraph 1.3 to read as follows:

1.3 ~~Transporters Agency Central Data Services Provider~~

1.3.1 ~~Pursuant to the DSC, Each each~~ DN Operator and each Independent Gas Transporter ~~shall~~ appoints the ~~Agency Company CDSP~~ as its agent to provide and receive the information specified in paragraphs 2.2.1, 2.2.2, 2.3 and 3.1.2.

Section F: General

Amend paragraph 3.2.2(d) to read as follows:

- (d) the New IGT ~~will have acceded to the IGT Agency Services Agreement and satisfied all requirements under that Agreement for the New IGT to obtain services from the Transporters Agency shall have signed the Accession Agreement and shall have satisfied the Accession Requirements (each as defined in the DSC).~~

Amend paragraph 4.1.1 to read as follows:

- 4.1.1 An Independent Gas Transporter ("withdrawing IGT") may cease to be Party where the following conditions are, or will (with effect from its ceasing to be a Party) be, satisfied:
- (a) the withdrawing IGT has ceased to be the operator of any IGT System;

- (b) the withdrawing IGT is not bound to be a Party by the conditions of a gas transporter's licence;
- (c) the withdrawing IGT has no outstanding CSEP Registrations or IGT Registrations; ~~and~~
- (d) there are no financial or other liabilities (whether accrued, outstanding or contingent) of the withdrawing IGT to any other Party under this Document; ~~and~~
- (e) the withdrawing IGT has satisfied the Withdrawal Requirements (as defined in the DSC).

Amend paragraph 5.1.2 to read as follows:

- 5.1.2 The terms of the Code, the Transporters Framework Agreement, ~~and the Agency Services Agreement and the IGT Agency Services Agreement DSC~~ are not Protected Information.

Amend paragraph 5.1.5 to read as follows:

- 5.1.5 For the avoidance of doubt, information received by a Party from the ~~Transporters Agency CDSP~~ acting as agent on behalf of another Party is Protected Information for the purposes of the Code.

Amend paragraph 5.2.2 to read as follows:

- 5.2.2 In relation to the Receiving Party, "Permitted Activities" means the carrying on of transportation business (as defined in the Receiving Party's gas transporter's licence(s)), the operation, administration, maintenance and development of the Receiving Party's System, and the implementation and performance of the Code, the Transporters' Framework Agreement or ~~[any]~~ IGT Code or IGT Framework Agreement or the DSC.

Amend paragraph 5.4.1(d) to read as follows:

- (d) to any Protected Information to the extent that the Receiving Party is expressly permitted or required to disclose that information under the terms of any agreement or arrangement made with the Protected Party or to which it is party (including this Document, the Transporters Framework Agreement, ~~and any Supplemental Agreement~~ to which the Protected Party is a party and the DSC);

Amend paragraph 6.1.6 to read as follows:

- 6.1.6 In this paragraph 6.1: ~~÷~~

- (a) ~~references to a Party's agent include the Agency Company when acting as agent for that Party (but for the avoidance of doubt, the Transporters Agency does not enter into or perform the IGT Agency Services Agreement as agent for the Transporters); and [23]~~

- ~~(b)~~ **"third party"** means any person other than a Party, or any officer, employee or agent of a Party (and for the avoidance of doubt includes any User).

Amend paragraph 8.2.1 to read as follows:

- 8.2.1 Where under the provisions of this Document (including under Section D or E) an IGTAD Communication is to be given by the ~~Transporters Agency CDSP~~ on behalf of a Party, such IGTAD Communication shall be deemed to be given and received at the time required and in compliance with the provisions of this Document, except where the relevant systems of the ~~Transporters Agency CDSP~~ have failed in which case such communication shall be given in accordance with the applicable provisions Contingency Procedures in the UK Link Manual of the Agency Services Agreement or IGT Agency Services Agreement.

MODIFICATION RULES

[To follow – await finalisation of the Change Management Procedures.]

TRANSITION DOCUMENT

TD Part I: General

Add new paragraph 3 to read as follows:

1 Transitional arrangements in relation to CDSP and DSC

1.1 For the purposes of the Code

- (a) "CDSP Modification" means the Code Modification referred to as Modification 0565 to be implemented with effect from the CDSP Implementation Date;
- (b) "CDSP Modification Date" means the Day following the Day on which the CDSP Modification is approved by the Authority;
- (c) "CDSP Implementation Date" means [1 April 2017].

1.2 The agreed form, as at the CDSP Modification Date, of each of the documents (together comprising the DSC) listed below, is the form of such document submitted to the Authority as an attachment to the Final Modification Report in respect of the CDSP Modification:

- (a) the DSC Agreement;
- (b) the DSC Terms and Conditions;
- (c) the CDSP Service Description;
- (d) the Budget and Charging Methodology;
- (e) the DSC Credit Policy;
- (f) the UK Link Manual;
- (g) the Change Control Procedures;
- (h) the Contract Management and Reporting Arrangements;
- (i) the Bespoke and Third Party Services Policy; and
- (j) the DSC Transitional Arrangements Document.

1.3 The DSC Transitional Arrangements Document, so far as it contains provisions which operate to commence or vary (or otherwise operate as transitional provisions in respect of) the provisions of the Code as modified by the CDSP Modification, shall have effect for the purposes of the Code as if it were incorporated in the Transition Document.

GENERAL TERMS

GT Section C: Interpretation

Amend definition of "Code Communication" in paragraph 1 to read as follows:

"~~Code-TPD Communication~~" means any communication to be given by a ~~User or a Transporter Party~~ or the CDSP (including any notification, application, nomination, confirmation, request, approval,

acceptance, invoice or other notice to be given, made or submitted) under the Transportation Principal Document.

Amend paragraph 2.9.7 to read as follows:

2.9.7 An "**Affiliate**" of a specified percentage in relation to a body corporate is:

- (a) another body corporate which holds not less than the specified percentage of the voting rights of the first body corporate; or
- (b) a subsidiary of the first body corporate or of such a body corporate as is referred to in paragraph (a);

and for these purposes 'voting rights', 'holding' voting rights and 'subsidiary' are to be construed in accordance with Section 736A of the Companies Act 1985. The CDSP shall not be treated for any purposes of the Code as an Affiliate (of any specified percentage) of any Party.

Add new GT Section D – CDSP AND UK LINK

[Shown in the document attached as Annex D.]