

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 9th MEETING HELD ON THURSDAY
08 AUGUST 2005

Members Present:

Transporter Representatives: P Roberts (NG/UKT), C Warner (NG/UKD),
R Cameron Higgs (Northern Gas Networks), B Grubb (Scotia Gas Networks)
L Spierling (Wales & West Utilities)

User Representatives: P Broom (Gaz de France), S Islam (Total Gas & Power Ltd),
R Cross (Statoil), C Sykes (E.ON UK plc) & M Young (BGT)

Ofgem Representative: None

Consumers Representatives: None

Joint Office: J Bradley (Chairman), M Berrisford (Deputy Secretary)

9.1 Note of any alternates attending meeting.

S Islam for S Ladle (Total Gas and Power Ltd), R Cross for S Parmar (Statoil), P Roberts for R Hewitt (NG/UKT) & C Warner for A Raper (NG/UKD)

9.2 Record of apologies for absence.

R Hewitt (NG/UKT), A Raper (NG/UKD), S Parmar (Statoil) & S Ladle (Total Gas & Power Ltd)

9.3 Record invitees to meeting.

None

9.4 Consideration of New, Non-Urgent Modification Proposals.

9.4(a) Proposal 0041 "Re-assessment of User Unsecured Credit Limits"
Following a presentation from S Islam (Total Gas & Power Ltd), the Panel voted UNANIMOUSLY for the proposal to proceed to consultation. Thereafter, they also voted UNANIMOUSLY to approve P Lucas as the Subject Matter Expert to write the Modification Reports.

9.5 Consideration of Workstream Reports.

9.5(a) Proposal 0023 "Re-assessment of User Unsecured Credit Limits"
Following a brief discussion the Panel voted UNANIMOUSLY for the proposal to proceed to consultation.

After further discussion, the Panel members indicated their desire to conduct a 'block' vote for proposals: 0024 "Independent security provision by an entity with an Investment Grade Rating of 'A' or Above", 0025 "Notice Period for Credit Limit Downgrade and Remedies for Non-compliance", 0026 "Application of Charges consistent with Late Payment of Commercial Debts (interest) Act 1998", 0027 "Right of Set Off under Uniform Network Code", 0031 "Re-assessment of User Unsecured Credit Limits", 0032 "Adjustment to the number of days in the VAR calculation to bring the Code Credit Rules into

line with the Best Practice Guidelines, Conclusions document Feb 2005" & 0034 "Netting off of Payments and Credits relating to Transportation Charges".

9.5(b) to (h) inclusive

Following a brief discussion the Panel voted UNANIMOUSLY for ALL the proposals to proceed to consultation.

Thereafter, the Panel members indicated their desire to conduct a 'block' vote for allocation of a Subject Matter Expert for proposals: 0023 "Re-assessment of User Unsecured Credit Limits", 0024 "Independent security provision by an entity with an Investment Grade Rating of 'A' or Above", 0025 "Notice Period for Credit Limit Downgrade and Remedies for Non-compliance", 0026 "Application of Charges consistent with Late Payment of Commercial Debts (interest) Act 1998", 0027 "Right of Set Off under Uniform Network Code", 0031 "Re-assessment of User Unsecured Credit Limits", 0032 "Adjustment to the number of days in the VAR calculation to bring the Code Credit Rules into line with the Best Practice Guidelines, Conclusions document Feb 2005" & 0034 "Netting off of Payments and Credits relating to Transportation Charges".

9.5(a) to (h) inclusive

Panel members voted UNANIMOUSLY to approve P Lucas as the Subject Matter Expert to write the Modification Reports for ALL the above proposals.

9.6 Consideration of Final Modification Reports.

9.6(a) Proposal 0036 'Limitation of incremental capacity offered in Quarterly System Entry Capacity (QSEC) auctions'

The Panel considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal.

The Proposer suggested implementation would particularly further the relevant objective of economic and efficient operation of the system. Several Panel members commented that the parameters identified within the proposal were not tight enough and that there remain outstanding concerns regarding the process and associated timescales and issues surrounding the interaction between price control and licence objectives. P Roberts responded by stating that the parameters are a 'product' of the IECR process. The Chairman asked whether the other Transporters present had a view. In response, the Transporters acknowledged the problems associated with the proposal, but felt that they would not necessarily be in a position to make a recommendation to implement. The Panel discussion confirmed this view. As such, the majority of members present concluded that implementation could not be expected to further the relevant objectives.

The Panel then held a vote and out of the ten Voting Members present one member voted in favour of recommending implementation of the Modification Proposal, and that was P Roberts (NG/UKT). Therefore the Panel did not recommend implementation of the Proposal.

9.6(b) Proposal 0037: 'Limitation on offering for sale unsold capacity'."

Following discussion P Roberts, (NG/UKT) formally withdrew this proposal and therefore no vote was undertaken.

9.7 Any Other Business.

The Chairman advised members that following the two day review of the representation summary within (draft) Final Modification Report 0022 "Revision to Section O – Removal of references to the Base Plan Assumptions Document" that no formal responses had been received.

The Chairman informed members that the 10 day notice for the Thursday 11 August 2005 Transmission workstream meeting had not been met and asked members if they had any issues with this. No issues were voiced.

9.8 Conclude Modification Meeting.

The Panel noted the date and time of the next full Modification Panel meeting as 10.00hrs on Thursday 18 August 2005.