

MODIFICATION PROPOSAL: 0084

SHORT TITLE: Proposed Modification to Admit a Recognised Clearing House as a Restricted User.

DATE: 4th October 1996

PROPOSED IMPLEMENTATION DATE:

URGENCY: Urgent

JUSTIFICATION:

The International Petroleum Exchange (IPE) is considering launching a 'National Balancing Point' gas trading contract. In order to launch this market a contractual relationship is required between TransCo, Users and the London Clearing House.

TransCo believes it is in the wider interests of the industry to facilitate the development of trading markets.

Currently the Network Code restricts Users to those that have a Shippers licence. The IPE would like it's natural gas contract to be launched no later than early December and this proposal requires urgent consideration in order to facilitate this.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

London Clearing House would be unable to act as the Clearing agent for the IPE's NBP contract.

AREA OF NETWORK CODE CONCERNED:

Principal Document, Section V
UK-Link Overview Manual, Section 5

NATURE OF PROPOSAL:

The proposal is to create a new category of 'Restricted User' in the Code. A Restricted User would be a Recognised Clearing House and be a User for the purposes of making Trade Nominations. As this type of User would not be shipping gas they would not require a Shipper Licence for these purposes.

Proposed Text as follows:

PRINCIPAL DOCUMENT - SECTION V

Insert the following new paragraph:

"2.5 Restricted User

2.5.1 A body which is declared by an Order of the Secretary of State to be a Recognised Clearing House for the purposes of the Financial Services Act 1986 (as amended) may be admitted as a User for the purposes only of making Trade Nominations pursuant to Section C6.

2.5.2 Where a User is admitted pursuant to paragraph 2.5.1:

(a) The User hereby undertakes to TransCo that it will not and will not purport to deliver gas to nor offtake gas from the System, make any Nomination, make any Flexibility Bid, become the Registered User of any Supply Point, or hold System Capacity or Storage Capacity, or otherwise exercise any right or entitlement of a User other than the right to make Trade Nominations pursuant to Section C6 and any rights (consequent thereon) arising under Section F, Section S, Section T, this Section V, Section U or the Supplement;

(b) the User shall not be bound to comply with any obligation under Section L, O, or Q 1.

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

(a) the requirements in paragraphs 2.1.2(b), (d) and (f) shall not apply in respect of the Applicant User;

(b) 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, TransCo and the User enter into a memorandum to record that the User is or is to be admitted pursuant to paragraph 2.5.1;

(c) TransCo's notification to Users under paragraph 2.2.2(b) will specify that the Applicant User has been so admitted."

UK LINK OVERVIEW MANUAL - SECTION 5, CHARGING

Insert the following additional text:

This section therefore sets out the charges which TransCo will make for services associated with the provision of UK Link to non-User UK Link Users "and Users admitted in accordance with Section V 2.5.1 in the Principal Document".

PURPOSE OF PROPOSAL:

This proposal is to facilitate the development of competitive gas trading markets.

SYSTEMS IMPLICATIONS:

IDENTITY OF PROPOSER'S REPRESENTATIVE: Chris Train

PROPOSER : Chris Train
SIGNATURE :
POSITION : Energy Balancing Manager

COMPANY

: TransCo