

Final Modification Report
Modification Reference Number 256

This draft Modification Report is made pursuant to Rule 7.4 (a) of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

This modification proposal will increase the number of 'mod 169' trades allowed from 6 to 12 per shipper. At the same time this proposal will reduce the administrative burden upon shippers associated with these trades by allowing notification of these trades by telephone, with Transco reserving the right to ask for a faxed confirmation where it deems this necessary.

2. Transco's opinion:

Transco recommends the implementation of this proposal at the earliest opportunity to allow an increase in the number of trades and reduce administration.

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

This modification better facilitates 7(c) securing effective competition between relevant shippers and between relevant suppliers by providing more opportunities to undertake shipper-shipper trades.

4. The implications for Transco of implementing the Modification Proposal, including:

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

None

b) development and capital cost and operating cost implications:

None

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

Not applicable

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

None

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

None

6. **The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers:**

None, this is a manual activity.

7. **The implications of implementing the Modification Proposal for Relevant Shippers:**

This proposal will allow a higher volume of mod 169 trades, and reduce the administrative burden associated with those trades.

8. **The implications of implementing the Modification Proposal for terminal operators, suppliers, producers and, any Non-Network Code Party:**

None

9. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party of implementing the Modification Proposal:**

None

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

Advantages:

This proposal will reduce the administration requirements associated with mod 169 trades and allow more trades to be carried out thus contributing to the liquidity of that market. The proposal will also reduce the administrative burden associated with these trades.

11. **Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**

Representations were received from Yorkshire Energy Ltd, BP Gas, British Gas Trading, Amoco North Sea Ltd, Energy Intensive Users Group, United Gas Services Ltd, Scottish Hydro-Electric plc and Shell Gas Direct Ltd.

All representations supported this modification.

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

Not relevant

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) of the statement; furnished by Transco under Standard Condition 3(1) of the Licence:

Not applicable

14. Programme of works required as a consequence of implementing the Modification Proposal:

None.

15. Proposed implementation timetable (inc timetable for any necessary information systems changes):

Implementation 1 October 1998

16. Recommendation concerning the implementation of the Modification Proposal:

Transco recommends implementation of this proposal

17. Restrictive Trade Practices Act:

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal:

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Director General in accordance with this report.

19. Text provided pursuant to Rule 8.14:

Principal document section C
Amend paragraph 5.4.8(b) as follows:

" the Primary User verbally provides to Transco, not later than the time at which the Primary Nomination(s) are submitted, a notification identifying (in such manner as Transco may reasonably require) the relevant Primary Renomination(s), Matching Renomination(s), including any made by the Primary User), Acquiring Trade Nomination(s) and Disposing Trade Nomination(s) (further references to which in

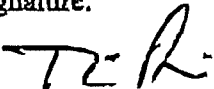
paragraph 5.4.8 and paragraphs 5.4.9 and 5.4.10 are those so identified by the Primary User) provided always that Transco may at any time require a Primary User to confirm such verbal notification by facsimile: "

Amend paragraph 5.4.8(d) as follows:

"a User may not on any Day make more than 12 Trade Nominations as Primary User."

Signed for and on behalf of Transco.

Signature:



Tim Davis
Manager, Network Code

Date: 16. 9. 98

Director General of Gas Supply Response:

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference 256, version 1.0 dated 14/9/98) be made as a modification to the Network Code.

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

Signature:



Rebecca Purves
Head of Gas Balancing

Date:

20 September 1998

The Network Code is hereby modified, with effect from 1 October 1998, in accordance with the proposal as set out in this Modification Report, Version 1.0.

Signature:



Process Manager - Network Code
BG Transco

Date:

21/9/98

ANNEX

Restrictive Trade Practices Act - Suspense Clause

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

1. Suspense Clause:

- 1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:
- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

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

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