Draft Modification Report
Amendment to the provisions governing Network Code Isolation.
Modification Reference Number 0442
Version 2.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

The ISA replaced certain provisions in Section G3 of the Network Code Principal Document which were either incorrect or rendered redundant as a result of implementation of the ISA and were not removed.

Modification of the Network Code is required to remove or correct the redundant isolations drafting in Section G of the Network Code, and to incorporate relevant provisions of the ISA in the Network Code.

2. Transco's Opinion

This Modification Proposal was raised by Transco with the objective of embodying relevant sections of the Isolations Siteworks Agreement (ISA) into the Network Code and removing or revising the existing Isolations drafting in Principal Document Section G of the Code as appropriate. The ISA enables a User to request and Transco to process an Isolation. The ISA is not concerned with physical works which is dealt with under separate Discontinuance and Disconnection Terms and Conditions. Transco believes it is appropriate for the requirements for an Isolation to be established within the Network Code and not as a separate document,- as is currently the case. This would enhance visibility and understanding of the distinction between 'physical works' and Isolation and, if necessary facilitate future modification of the provisions within the established Network Code modification process.

Transco raised this issue within the SPAIMetering Workstream meeting in January 2000 and indicated its intention to convene a sub-group. At the February 2000 Workstream meeting Transco reported that it had received only one response to its request for membership and therefore advised that the topic would be included on the agenda of subsequent SPAIMetering Workstream meetings. In August 2000 Transco produced draft legal text which was issued to SP AlMetering Workstream members for comment. F our responses were received, and the legal text was revised where appropriate.

Transco did not include suggested revisions to the legal text where they were related to or included references to 'physical works', which are primarily dealt with under the Disconnection and Discontinuance Terms and Conditions. Transco believes including such references could introduce ambiguity owing to the overlap with other agreements. Transco's view is that the Network Code is primarily a transportation contract and should not be concerned with non-PGT related activities such as physical works. Other suggested changes to the legal text duplicated provisions of the Gas Act Schedule 2B and were, therefore, felt inappropriate.

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

Transco believes that this proposal may better facilitate it's PGT Licence relevant objectives by providing a more transparent process for requesting and administering Network Code Isolations. This in turn reduces costs and uncertainty to the benefit of the community. The mitigation of cost and uncertainty may be considered consistent with the objective of facilitating competition.

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

a) implications for the operation of the System:

None identified.

b) development and capital cost and operating cost implications:

None identified.

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 identified.

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

Given establishment of the Isolations provisions within the Network Code Principal Document, all Users automatically become signatories and therefore Transco and Users obligations are unambiguous and contractual risk is mitigated. The incorporation of the ISA would also reduce the need for additional contractual administration for Transco and Users.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

There are no identifiable system development costs for Transco or Users.

7. The implications of implementing the Modification Proposal for Users

Transco believes that the following benefits would be forthcoming for Users from implementation of this Modification Proposal.

- Greater visibility and transparency to Users of the Isolation process.
- A clearer distinction between Network Code Isolation and 'physical works'.
- More effective potential for the future development of Isolation provisions through the established Network Code modification process.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

None identified.

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

None identified.

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

Advantages

- Greater visibility and transparency of the Isolation provisions through incorporation of the ISA into Principal Document Section G of Network Code.
- The distinction between 'physical works' and Network Code Isolation is clarified. .
- The existing redundant Network Code provisions are removed or updated.
- Future Modification Proposals may be made as necessary under the established process.

Disadvantages

- Inclusion of relevant Isolation provisions within the Network Code would require Transco or Users to be proactive in considering future review or modification, whereas there is an existing requirement that the ISA be subjected to annual review. This promotes discussion and potentially prevents the area becoming outdated or redundant

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

Representations are now sought.

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

Implementation of the proposal is not required to facilitate any such change.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) or 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 identified.

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

It is proposed that this Modification Proposal be implemented by end March 2001

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Proposal should be implemented.

17. Text

Legal text is attached to this report.

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Tim Davis
Manager, Network Code

Date:

16/1/01