

Draft Modification Report
Release of the Supplier ID to the Confirming Shipper upon Objection being raised to a
Supply Point Confirmation
Modification Reference Number 0569
Version 1.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

The supplier id has to be included within all supply point objections as a mandatory filed, in order to effect a smoother transfer process. It is intended that Transco will populate this on the Objection File, which is returned to the Confirming Shipper.

2. Transco's Opinion

Currently upon notification of a Supply Point Confirmation the Existing Registered User may up to, but not after, the seventh Business Day following the date of that notification, submit a Supply Point Objection to Transco. When submitting the objection there is currently no requirement for the User to provide the identity of the supplier. Any additional information provided by the User when submitting the objection (which may include information about the supplier) may, however, be provided on the "Supplementary Details" file (S74). On every occasion where this file is provided Transco will forward it to the Proposing User.

Scottish Power has raised Modification Proposal 0569 seeking to establish a mandatory requirement within the Network Code for Transco to release to the Proposing User the existing supplier identity within the Supply Point Objection notification. Scottish Power believes that with access to this information, objections may be handled (and potentially resolved) within shorter timescales thus providing a smoother transfer process.

A number of confirmations are objected to and where the objection is unresolved within seven Business days the confirmation will lapse and the transfer will not be effected. Transco acknowledges that early identification of the supplier may aid resolution of a proportion of these objections. In this respect therefore, Transco is sympathetic to the aims of the Modification Proposal. Transco, however, notes that only a small proportion of the Supply Point transfers of ownership involve supplier organisations which are unrelated to the User.

Modification Proposal 0569 was discussed at the August 2002 Supply Point and Billing Workstream meeting. It was generally acknowledged that the release of supplier identity in the above circumstances could aid the transfer of ownership process. Workstream members, however, expressed concern with respect to the systems enhancement workload currently faced by the industry and of the consequences of implementing costly system changes to resolve issues which may be addressed without significant cost. Workstream members therefore suggested that alternatives should be sought which facilitate the objectives of the Modification Proposal.

Workstream members highlighted that the Supply Point Administration Objection Supplementary Details File (S74) includes a free text field which can contain a maximum 1000 characters. Any information provided within this field is automatically provided to the confirming User via the Objection Supplementary Details Notice File (S40). This facility has already been employed by a small number of Users to pass on the suppliers identity and could be utilised with minimum effort to deliver an approximation to the desired solution. It is worthy of note that the 'free text' facility described above could not be validated. Transco believes, however, that should any associated governance be required to enforce transaction of the supplier id that it should be pursued through ongoing discussions in the Gas Industry Governance Group.

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

In consideration of concerns expressed by the Supply Point & Billing Workstream, Transco believes that this Modification Proposal does not reflect a fully economic and efficient solution for the improved management of Supply Point Objections. Transco, however, acknowledges that the objectives are sound in principle and recommends the utilisation of the 'free text' facility currently available within its Supply Point Administration system for relevant supplier data to be transacted. Transco suggests that community awareness with regard to the existence of this functionality could be raised through its Supply Point Operations Forum. Transco believes that such a measure would be consistent with better facilitating effective competition between relevant shippers and relevant suppliers.

**4. The implications for Transco of implementing the Modification Proposal , including
a) implications for the operation of the System:**

No such implications have been identified.

b) development and capital cost and operating cost implications:

Transco would incur costs in amending its UK- Link system. The extent of these costs has not been identified at this stage.

Note: If the 'free text' solution as described elsewhere within this Modification Report were utilised, no costs would be incurred.

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:

Transco's costs would be treated as normal operating costs.

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

No such consequences have been 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

As Transco could accept no responsibility for the accuracy of the data supplied, implementation of this Modification Proposal would not increase the level of contractual risk to Transco.

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

Changes to Transco's UK-Link system would be required. Transco believes that the proposal would also impact Users systems but is not presently aware of the level of that impact.

7. The implications of implementing the Modification Proposal for Users

It is likely that Users would need to alter their systems and processes to accommodate implementation of this Modification Proposal.

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

The measures identified within this Modification Proposal would in some instances facilitate early resolution of Supply Point Objections. This in turn could be expected to reduce inconvenience to consumers. Suppliers may also receive an increased level of requests for contact/information.

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

No such consequences have been identified.

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

Advantages:

- Facilitates early resolution of some Supply Point Objections.

Disadvantages:

- Requires potentially unnecessary enhancement to Transco and Users computer systems as adequate alternative functionality currently exists.

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 this Modification Proposal is not required to enable Transco to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This proposal is not required to facilitate any such change.

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

Significant systems development work would be required to enable implementation of this Modification Proposal.

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

In view of Transco's recommendation, no implementation timetable is proposed.

16. Recommendation concerning the implementation of the Modification Proposal

Transco does not at this stage recommend implementation of this Modification Proposal as it believes the objectives could be readily achieved in the manner described elsewhere within this Modification Report.

17. Text

Transco does not recommend implementation of this Modification Proposal. Legal drafting has therefore not been provided.

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:

Steve R Phillips
Director of Shipper Services

Date: