

4 July 2016

**PROJECT PICCADILLY - MODIFICATION 0582S - LEGAL DRAFTING - EXPLANATORY
TABLE**

Notes

1. This table is based on the proposed legal text for Modification 0582S.
2. Modification 0582S relates to amendments to the UNC to reflect the separation in legal ownership of NTS and the National Grid owned LDZs to facilitate the sale of National Grid's Gas Distribution business.

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Section V: General		
Paragraph 2.1.2(c)	User Admission	Paragraph amended to remove the distinction between LDZs owned by National Grid and those which are not.
Paragraphs 3.1.2(b) and 4.1.6(b)	User Admission	Paragraphs deleted as following separation National Grid will no longer be a DN Operator.

TRANSITION DOCUMENT		
TD Reference	Topic	Explanation
Part I: General		
New paragraph 2.1	Interpretation	Some new terms have been added to facilitate the drafting, as follows: <ul style="list-style-type: none">- First Day being the hive-across date, from the start of which National Grid will no longer own and operate the Relevant Systems.- Last Day being the day preceding the DN Hive Down Implementation Date, until the end of which National Grid will own and operate the Relevant Systems.

		<ul style="list-style-type: none"> - Relevant System being a LDZ owned and operated by National Grid up until the Last Day. - New Transporter being the Transporter who from the First Day operates the Relevant System. <p>As a general comment, which applies to the legal text as a whole, although the rules introduced in 2005 to support DN sales and the rules to support separation of the remaining National Grid LDZs are in many respects similar, we are introducing new rules rather than updating existing rules (established for 2005 purposes and therefore now redundant) so the approach is to delete the existing text and add new text (and not to amend the existing text).</p>
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Part 2: Part II: Transportation Principal Document

Part II A: General

New paragraph 2.1	Application of National Grid's Network Code	Clarifies that, following the First Day, National Grid's Network Code shall only apply to the NTS and not to the Relevant Systems (which National Grid will no longer own) and that Part IIB shall not apply in respect of the NTS and National Grid's Network Code.
New paragraph 2.2	Release from obligations under National Grid's Network Code	<p>States that, from the First Day, National Grid and Users release each other from their respective rights and obligations under National Grid's Network Code, the National Grid Framework Agreement and any Ancillary Agreement. to the extent that such rights and obligations relate to a Relevant System.</p> <p>States that such rights and obligations will following the hive-across become rights and obligations as between the New Transporter and Users.</p>
New paragraph 3	Collective actions	States that any collective action of the Transporters pursuant to National Grid's Network Code taken on or before the Last Day shall, from the First Day, be treated as having be done collectively by the Transporters and the New Transporter, so preserving continuity.
New paragraph 4.1	Transportation Charges in relation	Defines Invoiced Transportation Charges as being (broadly) Transportation Charges (or other relevant amounts) relating to a Relevant System which have

	to a Relevant System	been invoiced by National Grid on or before the Last Day.
New paragraph 4.2	Transportation Charges in relation to a Relevant System	States that, from the hive-across date, Invoiced Transportation Charges shall continue to be payable by or to National Grid (as opposed to the New Transporter). After the hive-across date, the New Transporter shall issue invoices in respect of all Transportation Charges, including charges not invoiced at the hive-across date, and which will include charges which accrue in respect of the period before such date.
New paragraph 4.3	Disputes	Makes clear that a dispute concerning Invoiced Transportation Charges will continue to be a dispute between the National Grid and the relevant shipper.
Part IIB: New Transporter		
New paragraph 1	Introduction	States that any action by a User or National Grid pursuant to National Grid's Network Code on or before the hive-across date relating to the Relevant System shall thereafter be deemed to have been done by the User and New Transporter pursuant to the New Transporter's Network Code. States that any circumstances existing under National Grid's Network Code as at the hive-across date shall thereafter be deemed to exist under the New Transporter's Network Code.
New paragraph 2.1	Values and parameters	States that parameter values which existed under National Grid's Network Code on the hive-across date and which related to the Relevant System shall be deemed to apply thereafter to the New Transporter's Network Code.
New paragraph 2.2	Determinations, discretions or actions	States that any determination, discretion or action taken by National Grid under National Grid's Network Code and relating to a Relevant System shall from the hive-across date be deemed to be that of the New Transporter under its Network Code.
New paragraph 3.1	Values and parameters	Sets out in tabular format the parameter values referred to in paragraph 2.1 above by reference to the relevant section of the TPD.
New paragraph 4.1	Code Communications	Sets out the general rule that Code Communications transmitted pursuant to National Grid's Network Code up to the hive-across date shall be deemed to be effective under the New Transporters Network Code, to the extent that such communications related to the

		Relevant System.
New paragraph 5.1	Invoices	States that, other than in respect of Invoiced Transportation Charges (which will be payable to or by National Grid as described above), Transportation Charges relating to a Relevant System shall become payable by or to the New Transporter under its Network Code. This is regardless of whether or not the charge relates to a period prior to the hive-across date.
New paragraph 6.1	Accrued rights, obligations and liabilities	Sets out the general rule that the accrued rights and obligations of National Grid and a User under National Grid's Network Code, the National Grid Framework Agreement and any Ancillary Agreement which are outstanding on the hive-across date and which relate to a Relevant System shall thereafter become accrued rights, obligations as between the New Transporter and the relevant User.
New paragraph 7.1	Ancillary Agreements	States that where at the hive-across date National Grid and a User(s) were parties to an Ancillary Agreement which related to a Relevant System, thereafter the Ancillary Agreement shall be deemed to be between the New Transporter and the relevant User.
New paragraph 7.2	NEAs/NExA	States that the parameter values contained in Network Exit Agreements or Network Entry Provisions which were in force as at the hive-across date and which related to a Relevant System shall thereafter apply for the purposes of the New Transporter's Network Code.
New paragraph 8.1	Publications and procedures etc	States the general rule that any publication published or made available by National Grid and relating to a Relevant System will be treated as having been published or made available by the New Transporter.
New paragraph 9.1	Disputes	States the general rule that any dispute outstanding on the Last Day between National Grid and a User and relating to a Relevant System shall become from the hive-across date a dispute between the New Transporter and the relevant User.
New paragraph 10.1	External UK Link Users	States that each person currently permitted to access and use UK Link shall continue to be permitted to access and use UK Link pursuant to the New Transporter's Network Code.
New paragraph 11.1	User Agents	States that each person appointed as a User Agent pursuant to National Grid's Network Code shall continue to be appointed as such for the purposes of

		the New Transporter's Network Code.
New paragraph 12.1	Credit arrangements	States that nothing in TD Part IIB affects any surety or security that was provided by any User to National Grid as at the hive-across date.
New paragraph 13.1	UNCC sub-committees	States that each person appointed to a sub-committee of the UNCC on or before the Last Day by National Grid as its representative in its capacity as a DN Operator shall be deemed to have been appointed by the New Transporter.
Part III: Offtake Arrangements Document		
New paragraph 1	Introduction	States that definitions used in Part III shall have the meanings given to them in the OAD.
New paragraph 2.1	Rights and Obligations	States that, from the hive-across date, the rights and obligations set out in the OAD in respect of: <ul style="list-style-type: none"> - each NTS/LDZ Offtake where the LDZ in question is a Relevant System (Relevant NTS/LDZ Offtake); and - the planning, operation and maintenance of the NTS and Relevant Systems and implementation of certain TPD provisions shall become rights and obligations as between National Grid and the New Transporter.
New paragraph 2.2	Rights and Obligations	States that for each LDZ/LDZ Offtake that involves a LDZ that is a Relevant System and a LDZ that is not a Relevant System (Relevant LDZ/LDZ Offtake), the rights and obligations of National Grid and the relevant DN Operator under the OAD (and the relevant Supplemental Agreement) that were outstanding on the hive-across date shall thereafter become rights and obligations as between the New Transporter and the relevant DN Operator.
New paragraph 2.3	Rights and Obligations	States that any action taken by National Grid as DN Operator pursuant to the OAD on or before the hive-across date which relates to a Relevant System, Relevant NTS/LDZ Offtake or Relevant LDZ/LDZ Offtake shall thereafter be deemed to have been done by the New Transporter.
New paragraph 2.4	Values and parameters	States that all parameter values which existed pursuant to the terms of the OAD on the hive-across date and relating to a Relevant System, Relevant NTS/LDZ Offtake or Relevant LDZ/LDZ Offtake shall be deemed to apply thereafter for the purposes of the OAD.
New paragraph 2.5	Determinations,	States that any determination, discretion or action

	discretions or actions	taken by National Grid under the OAD on or before the hive-across date and relating to a Relevant System, Relevant NTS/LDZ Offtake or Relevant LDZ/LDZ Offtake shall thereafter be deemed to be that of the New Transporter.
New paragraph 3	Values and parameters	Sets out in tabular format the parameter values referred to in paragraph 2.4 by reference to the relevant section of the OAD.
New paragraph 4	Supplemental Agreements	States that until National Grid and the New Transporter enter into a Supplemental Agreement in relation to a Relevant NTS/LDZ, a Supplemental Agreement will be deemed to be in force between National Grid and the New Transporter, on the terms of the currently existing arrangements.
Part IV: Modification Rules		
New paragraph 1.1	Transporter Representative	States that the person currently appointed by National Grid (as the owner of the Relevant Systems) to the JGAA committee (and who is therefore also a Transporter Representative on the Modification Panel) shall, from the hive-across date, be deemed to have been appointed by the New Transporter.
New paragraph 2.1	Modification Proposals	States that where, as at the hive-across date, a Modification Proposal has been made by National Grid in its capacity as a DN Operator but such proposal has not yet been determined by the Authority, the proposal shall be deemed thereafter to have been made by the New Transporter.
New paragraph 2.2	Modification Proposals	States that all actions taken by National Grid as the Proposer as at the hive-across date shall thereafter be deemed to have been done by the New Transporter.
General Terms		
GT Reference	Topic	Explanation
Section B: General		
1 and 2	Definitions and Interpretation	Amendments to definitions, including National Grid NTS, DN Operator and the Transporters to reflect that after hive-across date, National Grid will no longer be a DN Operator.
Section C: Interpretation		
1	Definitions and Interpretation	Inserts new definition of DN Hive Down Implementation Date being the hive-across date following which National Grid ceases to be a DN Operator.

