

Draft Modification Report
Improving the Accountability and Management of Network Code Meetings
Modification Reference Number 0709
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

To change Section Y such that the conduct of the Panel and Network Code Committee meetings are brought formally under the Chairman's Guidelines.

2. Transco's Opinion

Transco is of the opinion that the current arrangements, that have involved the operation of chairman's guidelines in an informal manner, have worked well since the introduction of the Network Code. It does, however, recognise the intention of this Proposal is to institute more formal guidelines for the conduct on meetings held within Network Code governance arrangements. Transco suggests that whilst institution of more formal meeting guidelines might provide additional accountability, this should be balanced against losing the benefits of flexibility in the present arrangements which can assist in progressing Modification Proposals.

Whilst this Proposal should be judged upon its merits, Transco would note the industry consultation on the development of governance arrangements for the Unified Network Code and suggest it is considered how implementation of this Proposal would interact with such developments.

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

The proposer stated that implementation of this Proposal would better facilitate the relevant objective (a) (the efficient and economic operation by the licences of its pipe-line system). The Proposer also stated that by "making the minutes of meetings subject to formal approval by the meeting rather than Transco alone, it will ensure greater openness and accountability within the process, which will ultimately lead to development of proposals that better facilitate the relevant code objective (c) (the securing of effective competition between relevant shippers and relevant suppliers)."

Transco suggests that considerations of flexibility and accountability, and any balance to be struck between them, should determine whether implementation of this Proposal would better facilitate the relevant objectives.

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

No direct implications are anticipated.

b) development and capital cost and operating cost implications:

No such implications have been 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:

Implementation of this Proposal would not be expected to impact price regulation.

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

It is not anticipated that there will be a change to the level of contractual risk to Transco as a consequence of this Proposal.

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

No development implications on the computer systems of Transco or on the related computer systems of Users are anticipated.

7. The implications of implementing the Modification Proposal for Users

No direct implications are anticipated.

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

Transco would welcome views from the above parties on any anticipated implications.

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 major consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party are anticipated as a result of the implementation of this Proposal.

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

Advantage

- Formalisation and adoption of good meeting practice across the Network Code governance regime

Disadvantage

- There would be potential for the guidelines to become too prescriptive and bureaucratic

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

This Modification 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 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This Modification Proposal is not required to facilitate any such change.

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

If this proposal were implemented, the Network Code Modification Panel would need to develop and agree, by Panel Majority, a new set of Chairman's Guidelines.

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

An implementation timetable would need to be developed.

16. Recommendation concerning the implementation of the Modification Proposal

Transco wishes to consider the views put forward in representations.

17. Text

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:

Richard Court
Commercial Frameworks Manager
NT & T

Date: