

## Representation - Draft Modification Report 0582S

### Amendments to reflect separation in legal ownership of NTS and National Grid owned LDZs to facilitate the sale of National Grid's Gas Distribution Business

Responses invited by: **5pm on 11 August 2016**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Andrew Margan
<b>Organisation:</b>	British Gas Trading Limited
<b>Date of Representation:</b>	11 August 2016
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	f) Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

This proposal amends Code to reflect the proposed transfer of the business and assets of National Grid Gas Distribution Business out of National Grid Gas plc and into the new company: National Grid Gas Distribution Limited (NGGDL). Whilst the split and subsequent sale is a commercial decision for National Grid, we accept that the new Transporter, NGGDL, and new arrangements need to be correctly referenced in Code.

#### Self-Governance Statement: *Please provide your views on the self-governance statement.*

We support Self Governance status as the Code change should have no material impact to competition or our customers.

#### Implementation: *What lead-time do you wish to see prior to implementation and why?*

N/A

#### Impacts and Costs: *What analysis, development and ongoing costs would you face?*

None identified

#### Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Whilst we understand that the hive across and the sale are commercial matters for National Grid, we consider that the legal text of the industry code should take account of, and set out in sufficient detail, the legal effect of the hive across of the distribution business to a new company. The drafting currently reads as though the Code is the document that brings the transfer of rights, obligations and liabilities into effect as opposed to underlying arrangements/agreements being transferred/novated. In

particular, there are many “deeming” provisions in the draft where, presumably, the legal benefit and burden under the referenced arrangements/agreements need to move in law rather than being “deemed” to have moved. We also consider that the legal drafting needs to be more extensive in places so as to be clear about its effect - for instance, in part IIA paragraph 2.2, this waiver could be more detailed so as to set out whether or not the parties are agreeing not to pursue one another and to hold one another harmless.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

We believe this modification needs to be considered alongside the other DNO separation Mods 0585 (now withdrawn) and 0592. We are satisfied these are referenced within the FMR.

**Please provide below any additional analysis or information to support your representation**

None