

- * The Liability payments for sites using $\leq 2,500$ tpa will be waived pending a review 6 months from the introduction of the modification should be approved.

2. TransCos opinion:

TransCo supports the implementation of this Modification.

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

The existing Network Code rules state that TransCo should leave New Supply Meter Points disabled if a Confirmation is not received prior to the completion of the siteworks (D-1).

This has led to the following problems:

- * Non Confirmed (Shipperless Sites) on UK Link which have been enabled on Completion of the Siteworks in an endeavour to retain Customer Focus.
- * End Users failing to receive gas on the requested day where the Network Code Rules are followed i.e. no Confirmation received from the Siteworks Applicant.

This modification addresses a major portion of these works ($< 25,000$ tpa) which will allow TransCo to maintain consistency, incentivise the Siteworks Applicants to ensure their systems and processes operate correctly and avoid end user dissatisfaction.

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

a) implications for the operation of System and any BG Storage Facility:

Not Applicable

b) development and capital cost and operating cost implications

There will be some systems development costs in implementing this proposal.

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 does not intend to recover any costs other than those provided for in the Transportation Statement.

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

TransCo is not aware of any consequences.

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;

TransCo's contractual risk is reduced as a result of shipper's having incentive to perform their contractual obligations.

6. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

TransCo's computer system will need slight modification in order to implement the proposal. It is anticipated that this can be achieved to coincide with the implementation of this proposal should it be accepted.

No specific implications for Relevant Shippers computer system have been identified, and no major changes would be anticipated.

7. The implications of implementing the modification for Relevant Shippers,

Shippers will have additional time available to submit Confirmations for New Supply Meter Points and will be assured that their relevant customers receive gas on completion of the siteworks.

8. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party;

Not Applicable

9. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal;

None have been identified

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

Advantages

- * Where an Election has been made 2 days prior to completion of works the Supply Meter Point will be left live. This will ensure end-users are Not disadvantaged and thus facilitate the use of Gas.
- * Transportation Income for unconfirmed sites can be recovered through liability payments.

- * Sites will be correctly and consistently disabled where no election form has been received.
- * TransCo District workload will reduce as Shippers will not be chased for Confirmations on sites using < 25,000 tpa.
- * Control of Relevant Shippers Portfolios will remain with them thus maintain the spirit of the Network Code (an alternative solution to automatically confirm these sites on behalf of the relevant shipper was rejected).
- * Shippers are less likely to request start up gas and/ or confirm sites where no sales contract has been agreed.

Disadvantages

- * The potential period of start up gas i.e. zero capacity charges increases from 14 to 21 days.
- * Sites may still be shipperless on the system for a limited period. However, their proliferation will be constrained.

11. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report);

British Gas Trading

BGT generally supports the modification but cannot support the domestic site liabilities until after a full review.

BP Gas Marketing

User liabilities are included for sites above 732,000 kWh however the proposals were to address sites below this level and the level of payment is high.

No provision has been made to provide liability relief where confirmations could not be made due to system problems or rejections.

TransCo Response

A full review will take place 6 months after the introduction of this modification to assess the level of liability payments to be levied for Domestic sites. None will be payable until after this review.

The proposal was to address all Meter Points not only those below 732,000 kWh.

If Confirmations are attempted but are unsuccessful due to system problems this would be viewed as a reasonable endeavour made to confirm.

The liability payments are based on Transportation charges.

12. The extent to which the implementation is required;

a. to enable TransCo to facilitate compliance with safety or other legislation;

Not applicable

b 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

13. Programme of works required as a consequence of the implementation of the Modification Proposal;

The necessary systems changes will be made should approval for this modification be given in January.

14. Proposed implementation timetable;

Draft Modification Report to Shippers	17/12/96
Close out for representations	3/1/97
Final Modification Report to Ofgas Shippers & Non-Network Code Parties.	24/1/97

15. Recommendation for the implementation of the modification;

TransCo recommends that this modification be implemented.

16. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

17. TransCo Proposal

This Modification Report contains TransCo's proposal to modify the Network Code and TransCo now seeks a direction from the Director General in accordance with this report.

18. Text provided pursuant to Rule 10.12.6

SECTION G

Paragraph 4.7.2: after "£1," insert "plus the amount determined for such month in relation to the User in accordance with paragraph 7.6.2,"

Delete paragraphs 7.3.9 and 7.3.10 and insert the following:

7.3.9 Where before the Completion Date of the relevant Siteworks a User submits a Supply Point Confirmation pursuant to paragraph 7.3.5:

- (i) the Supply Point Confirmation shall be treated for all purposes of this Section G (except for paragraphs (ii) and (iii) and 7.6) as having been submitted on the Completion Date;
- (ii) where the Annual Quantity of such New Supply Meter Point is greater than or equal to 732,000 kWh (25,000) therms per annum, the User may, not later than the date of the Siteworks Contract (where the User is the Siteworks Applicant) and otherwise at any time before submitting the Supply Point Confirmation, notify TransCo of an election under paragraph 7.3.10 for the purposes of permitting gas to be offtaken from the System at a New Supply Meter Point comprised in an NDM Supply Point Component for purposes connected with the completion of construction of buildings at the Supply Point Premises or the commissioning of the Consumer's Plant;
- (iii) where the Annual Quantity of such New Supply Meter Point is less than 732,000 kWh (25,000 therms) per annum, the User may, not later than 2 Days prior to the Target Completion Date (where the User is the Siteworks Applicant) and otherwise at any time before submitting the Supply Point Confirmation, notify TransCo of an election under paragraph 7.3.11 for the purposes of permitting gas to be offtaken from the System at a New Supply Meter Point comprised in an NDM Supply Point Component for purposes connected with the completion of construction of buildings at the Supply Point Premises or the commissioning of the Consumer's Plant.

7.3.10 Where a User has made an election for the purposes of this paragraph 7.3.10:

- (i) the User may, notwithstanding that there is no Supply Point Registration in respect of the Proposed Supply Point for a period of 14 Days commencing with the Completion Date of the relevant Siteworks (and irrespective of the Proposed Supply Point Registration Date) offtake gas from the System at the New Supply Meter Point, and will be treated as being the Registered User for such purposes;
- (ii) subject to paragraph (iii), the quantity of gas so offtaken on any Day will not be counted as an UDQO of the User for any purposes of the Code (and in particular the User will not be liable to pay Overrun Charges or Supply Point Ratchet Charges in relation thereto);
- (iii) for the purposes of the first NDM Reconciliation the quantity of gas so offtaken will be counted as a part of the Reconciliation Quantity (for which purposes a quantity of zero shall be assumed to have been determined pursuant

to Section H2 as offtaken); and accordingly the User will be liable to pay Reconciliation Clearing Charges and Reconciliation Transportation Charge Adjustments in respect of the quantity of gas so offtaken;

- (iv) where the First Supply Point Registration Date is after such period of 14 Days, TransCo will be entitled to take steps (by clamping the Supply Meter or otherwise) to secure that gas is not offtaken other than as permitted under paragraph (iii), which steps (and any steps subsequently taken by TransCo to undo such steps) will be Siteworks at the expense of the User.

Paragraph 7.3.3(ii): delete "paragraph 7.3.10" and insert "paragraphs 7.3.10 and 7.3.12".

Paragraph 7.3.5: after "after the time at which a New Supply Meter Point" insert "with an Annual Quantity of greater than 732,500 kWh (25,000 therms) per annum".

Paragraph 7.3.9(i): delete paragraph "paragraph (ii)" and insert "paragraphs (ii) and 7.6".

Insert the following new paragraphs 7.3.11 and 7.3.12:

"7.3.11 Any User may at any time 2 Days or more prior to the Completion Date make an election in respect of a New Supply Meter Point (being the subject of a Siteworks Contract) for the purposes of paragraph 7.3.12, provided that:

- (a) the notice to TransCo of such election specifies the reference number assigned (pursuant to Siteworks Terms and Procedures) to the relevant Siteworks Contract).
- (b) the meter point capacity (as specified in the relevant Siteworks Contract) of such New Supply Meter Point does not exceed 732,000 kWh (25,000 therms) per annum; and
- (c) no previous election pursuant to this paragraph 7.3.11 in respect of such New Supply Meter Point has been notified to TransCo by any User.

7.3.12 Where a User has notified TransCo of an election pursuant to paragraph 7.3.11:

- (i) the User shall use reasonable endeavours to procure, in accordance with the provisions of this Section G, that it becomes the Registered User of a Supply Point incorporating the New Supply Meter Point with a First Supply Point Registration Date falling within 21 Days of the Completion Date of the relevant Siteworks;
- (ii) the User may, notwithstanding that there is no Supply Point Registration in respect of a Supply Point incorporating the New Supply Meter Point, offtake gas from the System at the New Supply Meter Point from the Completion Date, and will be treated as the Registered User for such purposes;

- (iii) subject to paragraph (iv), the quantity of gas so offtaken in any Day will not be counted as an UDQO of the User for any purposes of the Code (and in particular the User will not be liable to pay Overrun Charges or Supply Point Ratchet Charges in relation thereto);
- (iv) for the purposes of the first NDM Reconciliation the quantity of gas so offtaken will be counted as a part of the Reconciliation Quantity (for which purposes a quantity of zero shall be assumed to have been determined pursuant to Section H2 as offtaken); and accordingly the User will be liable to pay Reconciliation Clearing Charges and Reconciliation Transportation Charge Adjustments in respect of the quantity of gas so offtaken.

Insert the following new paragraph 7.6:

"7.6 New Supply Meter Points - Users' Liabilities

7.6.1 For the purposes of this paragraph 7.6:

- a) in respect of any User an "**Elective New Supply Meter Point**" is a New Supply Meter Point in respect of which the User has made an election for the purposes of paragraph 7.3.12;
- b) in respect of any User an "**Unregistered Supply Meter Point**" is an Elective New Supply Meter Point in respect of which the User has failed to comply with the provisions of paragraph 7.3.12;
- c) in respect of any User an "**Outside Tolerance Unregistered Supply Meter Point**" is an Unregistered Supply Meter Point in respect of which the relevant First Supply Point Registration Deadline occurs in a month during which such User failed in respect of 95% or more of the relevant First Supply Point Registration Deadlines occurring within such month to submit Supply Point Confirmations in respect of Elective New Supply Meter Points incorporating, in accordance with this Section G, Supply Point Registration Dates which occur on or before the relevant First Supply Point Registration Deadlines;
- d) in respect of any User a "**Within Tolerance Unregistered Supply Meter Point**" is an Unregistered Supply Meter Point other than an Outside Tolerance Unregistered Supply Meter Point;
- e) in respect of any New Supply Meter Point the "**annual quantity**" is the meter point capacity specified the relevant Siteworks Contract.

7.6.2 For each month there shall be an amount determined (for the purposes of paragraph 4.7.2(i)) in respect of each User equal to the sum of:

- a) in respect of each Outside Tolerance Unregistered Supply Meter Point with an annual quantity of less than 732,000 kWh (25,000 therms) but more than 73,200 kWh (2,500 therms):
 - (i) £10 for each Day of such month occurring after the relevant First Supply Point Registration Deadline and prior to the First Supply Point Registration Date in respect of the Supply Point comprising the Elective New Supply Meter Point; and
 - (ii) £90 in respect of each such Outside Tolerance Unregistered Supply Meter Point in respect of which the relevant First Supply Point Registration Deadline occurred in such month; and

- b) in respect of each Outside Tolerance Unregistered Supply Meter Point with an annual quantity of 73,200 kWh (2,500 therms) or less:
 - (i) £1 for each Day of such month occurring after the relevant First Supply Point Registration Deadline and prior to the First Supply Point Registration Date in respect of the Supply Point comprising the Elective New Supply Meter Point; and
 - (ii) £4 in respect of each such Outside Tolerance Unregistered Supply Meter Point in respect of which the relevant First Supply Point Registration Deadline occurred in such month; and
- c) in respect of each Within Tolerance Unregistered Supply Meter Point with an annual quantity of more than 73,200 kWh (2,500 therms):
 - (i) £10 for each Day of such month occurring after the Day 21 Days after the relevant First Supply Point Registration Deadline and prior to the First Supply Point Registration Date in respect of the Supply Point comprising the Elective New Supply Meter Point; and
 - (ii) £100 in respect of each Within Tolerance Unregistered Supply Meter Point in respect of which the Day 21 Days after the relevant First Supply Point Registration Deadline occurred in such month; and
- d) in respect of each Within Tolerance Unregistered Supply Meter Point with an annual quantity of 73,200 kWh (2,500 therms) or less:
 - (i) £1 for each Day of such month occurring after the Day 21 Days after the relevant First Supply Point Registration Deadline and prior to the First Supply Point Registration Date in respect of the Supply Point comprising the Elective New Supply Meter Point; and
 - (ii) £4 in respect of each such Within Tolerance Unregistered Supply Meter Point in respect of which the Day 21 Days after the relevant First Supply Point Registration Deadline occurred in such month."

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

- 1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:
- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

- 1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.

TRANSITION DOCUMENT PART II**8. MISCELLANEOUS**Section G (Supply Points)

Insert the following:

"G 7.6.2 The determination of amounts for any month in accordance with paragraph G7.6.2 shall exclude amounts calculated by reference to Unregistered Supply Meter Points the annual quantity of which is less than 72,300 kWh (2,500 therms) and the First Supply Point Registration Deadline of which occurs prior to 1st July 1997."

Signed for and on behalf of British Gas TransCo.

Signature:

Date:

Name:

Position:

[Handwritten Signature]

24.1.97

John Lockett

Com Man N/code

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the network code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date:

Name:

Position:

[Handwritten Signature]

11/2/97

KYRAN HANKS

HEAD OF NETWORK OPERATIONS

The network code is hereby modified, with effect from _____, in accordance with the above proposal.

Signature:

Secretary Modification Panel
British Gas TransCo