

CODE MODIFICATION PROPOSAL No. 0078
"Variation/Withdrawal of a Modification Proposal"
Version 2.0

Date: 09/03/2006

Proposed Implementation Date:

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

Having been comprehensively discussed within the Governance Workstream, the Proposer recommends that this Proposal should proceed directly to consultation.

Nature and Purpose of Proposal (including consequence of non implementation)

This Proposal seeks to amend the current rules allowing variation or withdrawal of a Modification Proposal.

Variation: Currently a Proposer may vary its Modification Proposal or Third Party Modification Proposal ("Proposal") of that Proposer, at any time before the Consultation Phase commences. It is proposed that this be changed to allow consideration of a request to vary a Proposal at any point before the Modification Panel has determined whether to recommend implementation. The request to vary a Proposal should be sent to the Secretary. The Proposer or the Proposer's representative shall attend the relevant Panel meeting to explain the proposed variation. The Panel would then vote on whether the proposed variation is material or not. If the Panel decide unanimously that the variation is not material, the variation could be made and it would not be necessary to re-consult. If the Panel considers that the variation is material then the Panel would decide, in accordance with its remit for new Proposals, the course of action required, including the length of any reconsultation or any requirement to re-develop the Proposal.

It is envisaged that the variation rule could be used, for instance, to make amendments to the legal text, to correct obvious minor errors or to make changes to the timing of recommended implementation based on feasibility. This Proposal has been raised in recognition that the requirement to make a change may occur at any time and in fact may be done in response to information obtained through the consultation process, including the Panel discussion on whether the Proposal better facilitates the relevant objectives.

Withdrawal: Currently a Proposer may withdraw a Proposal at any time prior to the preparation of the Modification Report. It is recommended that withdrawal of a Proposal during the consultation phase should be allowed and that a Proposal could be withdrawn at any point up to the submission of the final Modification Report to Ofgem (i.e. even after the Panel vote). Under the existing rules, a withdrawn Proposal could be adopted and would continue from the same point in the process that it had reached prior to withdrawal. It is believed that this provides a safeguard against a Proposal being withdrawn by the Proposer which another User felt should be allowed

to progress through the process. The purpose of this Proposal is to allow a proposal to be withdrawn, for example, where circumstances are identified within the consultation phase which had not previously been envisaged which would effect its implementation.

Automatic withdrawal: It is recommended that a Proposal (excluding a Third Party Modification Proposal) should be withdrawn, should the Proposer's Licence be withdrawn or if the Proposer is terminated under the UNC. A Proposal withdrawn in such circumstances may be adopted as above.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

Implementation of this Modification Proposal would better facilitate the achievement of the Relevant Objectives specified in Standard Special Condition A11.2 through the development of the mechanism by which any of the Uniform Network Code and each of the Network Codes prepared by each Relevant Transporter may be modified.

By streamlining the Modification Process, implementation of this Modification Proposal would better facilitate the Relevant Objective specified in Standard Special Condition A11.1 (f), "the promotion of efficiency in the administration of the network code and/or the uniform network code".

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

a. Propose implementation timetable.

- Following direction from the Authority

b. Proposed Legal Text

- To follow

c. Advantages of the Proposal

- Allows variation or withdrawal of a proposal later in the Modification Process.

d. Disadvantages of the Proposal

- No disadvantages have been identified.

e. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation.

No such implications have been identified.

f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including

i. implications for operation of the System – no implications have been identified.

ii. development and capital cost and operating cost implications – no cost increases are envisaged.

iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs – not applicable.

iv. analysis of the consequences (if any) this proposal would have on price regulation – no such consequences are anticipated.

Code Concerned, sections and paragraphs

Proposer's Representative

Alan Raper (National Grid)

Proposer

Declan McLaughlin (National Grid)

Signature

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