

**Modification Report**  
**Modification Reference Number 0109**  
**Calculation of charges associated with NDM and DM**  
**Supply Points in the Shipper Withdrawal Account**

This modification report is made pursuant to Rule 9 of the Modification Rules and follows the format required under Rule 8.12.4.

**1. Procedures Followed**

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

Modification Proposal Agreed by Ofgas as Urgent	-	23 December 1996
Modification Proposal to Shippers for Representations	-	24 December 1996
Modification Report to Ofgas	-	21 January 1997

**2. The Modification Proposal:**

The Modification Proposal will enable extension of the Supply Point Withdrawal process for DM Supply Points. The modification also recognises that corrections could be made through a manual recalculation process, using the NDM or DM reconciliation methodology as appropriate.

Amounts received from/due to Shippers under this process will be attributed to DM or NDM Reconciliation Neutrality in the month in which the correction is determined.

**3. TransCo's opinion:**

The Transition Document of the Network Code allows Shippers to withdraw from sites in their portfolio after the start of the Network Code. At the time of drafting it was envisaged that only NDM sites would be affected as it was thought that DM portfolio issues would be resolved prior to the start of the Network Code.

In the event, a number of DM sites were the subject of such withdrawals. This modification is required to allow the reconciliation and correction of charges associated with the DM sites as well as NDM sites associated with the Shipper Withdrawal Account.

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

This modification proposal would not better facilitate the relevant objectives.

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

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

This modification proposal allows for a manual recalculation of charges and does not impact on System operations.

b) development and capital cost and operating cost implications

Not Applicable.

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;

TransCo is not aware of any impacts on price regulation.

6. 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 is not aware of any impacts on the level of it's contractual risk

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

Transco is not aware of any impacts on computer systems as a result of this Modification Proposal.

8. The implications of implementing the modification for Relevant Shippers.

To provide an invoicing process to ensure Shipper's receive adjustments associated with NDM and DM Supply Points transferred to/from the Shipper Withdrawal Account.

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

TransCo is not aware of any implications for terminal operators, suppliers, producers, and any Non-Network Code Party.

10. 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:

This modification proposal is required to correct a Network Code anomaly, and allow for inclusion of DM Supply Points within the Shipper Withdrawal process.

11 Analysis of any advantages or disadvantages of the implementation of the Modification Proposal:

Advantages:- Enables the recalculation of charges for DM sites associated with the Shipper Withdrawal Account.

12. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report:

Representations were received from 6 Shippers. 5 Shippers expressed support for the modification proposal. BGT do not support the proposal as currently drafted. BGT state that they are unclear of the treatment of charges associated with the Shipper Withdrawal process.

**TransCo response.**

As outlined in Transition Document, Part II, section 7, the Network Code ensures that charges associated with a disclaiming shipper are met by the incoming Shipper unless the new Shipper notifies and provides reasonable evidence that there was no contract with the End User for part or whole of the period in question. Under these circumstances the incoming Shipper receives charges for the claimed period only with any excess recovered through Reconciliation Neutrality.

To date there have been no notifications of circumstances where a claiming Shipper did not have a contract with the End User from the 1st March 1996.

13. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation:

The modification proposal is not required to facilitate compliance with safety or other legislation.

14. 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:

This modification proposal is not required to comply with the above clause

15. Recommendation for the implementation of the modification:

TransCo recommends that this modification proposal is implemented as soon as possible to enable the recalculation of charges to be carried out.

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 TransCos 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 9

Transition Document Part II paragraph 7

Revise paragraph 7.2.5 (a) to read as follows:

"(a) adjustments by way of invoice credit, or pursuant to a deemed NDM Reconciliation or DM Reconciliation, will be made ... .. in which it was comprised, and (pursuant to a deemed NDM Reconciliation or DM Reconciliation) in respect of gas .."

Revise paragraph 7.5.3. to read as follows:

"...payable by the User, and pursuant to a deemed NDM Reconciliation or DM Reconciliation, with a view to securing ..."

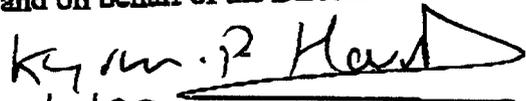
Signed for and on behalf of British Gas TransCo.

Signature:   
Date: 21st January 1997  
Name: Graham Ryott  
Signature:  
Position: Gas Trading Development Manager

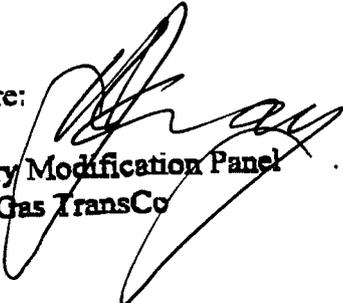
Director General of Gas Supply Response

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.

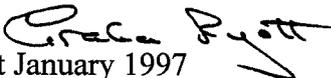
Signed for and on behalf of the Director General of Gas Supply.

Signature:   
Date: 24/2/97  
Name: KYRAN HANKS  
Position: HEAD OF NETWORK OPERATIONS.

The network code is hereby modified, with effect from / X , in accordance with the above proposal.   
25th FEBRUARY 1997.

Signature:   
Secretary Modification Panel  
British Gas TransCo

Signed for and on behalf of British Gas TransCo.

Signature: 

Date: 21st January 1997

Name: Graham Ryott

Signature:

Position: Gas Trading Development Manager

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:

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

Signature:

Secretary Modification Panel  
British Gas TransCo

## 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.