

DRAFT MODIFICATION REPORT

MODIFICATION REFERENCE NUMBER 0113

Separate invoicing for Storage

1. The Modification Proposal

Introduce a separate billing process for storage supported by appropriate delivery mechanisms ready for implementation from May 1997. The proposed new system will initially produce paper invoices, although at some time in the future it is envisaged that an appropriate electronic means of data transfer may be available to users.

The use of the new system will be limited to those shippers who agree to the revised delivery mechanism. Existing arrangements will continue for those shippers who do not wish to change.

2. Transco's Opinion

Transco believes that the modification will enable Storage to provide a flexible paper invoicing service for those shippers who would prefer to receive paper invoices.

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

The proposed change would give Transco Storage the flexibility to provide accurate invoicing for a wide variety of services designed to meet customer needs.

The requirements of shippers who would prefer paper invoices would be met, while those shippers who wish to continue with existing arrangements will be able to do so.

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

4.1 Implications for the operation of System and any BG Storage Facility. None

4.2 Development and capital cost and operating cost implications

Minor development, capital and operating costs for new invoicing system will be offset by efficiency savings.

4.3 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 - see 4.2 above.

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;

None identified by workgroup.

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

No major implications for Transco systems.

No changes for the small number of Shippers who have developed automated systems for extracting storage invoice data from UK Link/IXN and inputting it to their internal invoice payments systems.

Those Shippers who have not yet developed means of extracting storage invoice reports on paper will not need to do so as, if this modification is implemented, they will be able to elect to be sent paper invoices which will contain all the information that they require.

7. The implications of implementing the modification for Relevant Shippers including;

7.1 Administrative and operational implications

Transco Storage will have the flexibility to present shippers who elect to do so with invoices, particularly for special services, in formats which are appropriate to the services as they are developed.

The requirements of those shippers who would prefer to receive their invoices on paper will be met.

7.2 Development and Capital cost and operating cost implications None

7.3 consequences (if any) of implementing the Modification Proposal on the level of contractual risk of Relevant Shippers under the Network Code as modified by the proposal.
None identified.

8. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party; None Identified.

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 Identified.

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

10.1 Advantages:

Transco Storage will have an invoicing system more appropriate for invoicing a wide and changing variety of services which are designed to meet customer needs.

The large number of Shippers who have indicated that they would like to have Storage invoices on paper will be able to elect to have them.

The small number of Shippers who have developed automated systems for transferring storage invoice data from UK Link will see no change to current arrangements.

10.2 Disadvantages

None identified.

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

No representations received at the time of writing

12 The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation; Not applicable

13. The extent to which the implementation is required 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

14. Programme of works required as a consequence of the implementation of the Modification Proposal; None

15. Proposed implementation timetable;

Effective date - as soon as possible

16. Recommendation for the implementation of the modification;

Transco has modified its original proposal to take into account the views of a small number of Shippers who would prefer to continue with current storage invoicing arrangements.

Transco recommends that the proposal (as amended) is implemented.

17. 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.

18. 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.

19. Revisions to text

Suggested Text provided pursuant to Rule 8.14

change paragraph 1.3.4 to "Subject to 1.3.6, 1.3.7 and to Section U6"

Add a paragraph 1.3.7, which will state that "**Storage Invoices may be submitted on paper or by such electronic means as may be agreed with Users**"

Signed for and on behalf of BG Transco.

Signature: *JANE DAVIES*

Date: *24th June 1997*

Name: *JANE DAVIES*

Position: *COMMERCIAL EXECUTIVE, STORAGE*

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 BG 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
BG 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.