

TRANSCO NETWORK CODE MODIFICATION PROPOSAL

SHORT TITLE: Mandatory Provision of Reasons for Supply Point Objection

DATE: 13/7/98

TARGET DATE FOR IMPLEMENTATION: August 1998

URGENCY: Non-Urgent

JUSTIFICATION:

The Standard Conditions of Gas Suppliers' Licence establishes that a Supplier may not seek their Shipper to prevent transfer of Supply Point ownership unless an outstanding debt is due to them from their customer or that a valid contract between themselves and their customer will exist on or prior to the proposed Supply Point transfer date.

The Network Code does not currently require an incumbent Shipper to provide a reason for objection when submitting a Supply Point objection to Transco.

The SPA/Metering Workstream have determined that the objection facility in its current form may be subject to abuse on the basis that there is evidence that Shippers have submitted objections for reasons other than those specifically referred to in the Suppliers licence. The group further identified that as the provision of such data is not mandatory, it is not possible for proposing Shippers to adequately monitor for whether abuse of the facility has occurred.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

Confirming Shippers will not be able to monitor for Shippers blocking a Supply Point Transfer for reasons other than those identified in the Supplier licence.

AREA OF NETWORK CODE CONCERNED:

Principal Document Section G2.8

NATURE OF PROPOSAL:

Modification to the Network Code is required such that an incumbent Shipper intending to prevent a Supply Point transfer of ownership will be obliged to identify their Suppliers reason for requesting this action. Where a valid reason for objection is not provided, Transco may reject the Supply Point objection and the transfer of ownership will proceed. The SPA/Metering

Workstream have in addition agreed that Transco should report proportions of objections to withdrawal notices issued, specific to the reason code provided. This will enable Shippers and Ofgas to undertake appropriate monitoring, as required.

Transco plan to develop changes to the UK-Link system to enable objections files which are submitted without a valid reason for objection to be rejected and to generate appropriate monitoring reports.

PURPOSE OF PROPOSAL:

The proposed Modification facilitates competition in the gas market by enabling prospective Shippers to validate the reasons for objection. Where it is suspected that a non bone fide objection has been made, the confirming Shipper will be able to make due representation to the industry regulator.

IDENTITY OF PROPOSER'S REPRESENTATIVE: Sharon McLaughlin

PROPOSER SIGNATURE: John Lockett

A handwritten signature in black ink, appearing to read 'pp. J. Lockett', written over the printed name 'John Lockett'.

POSITION: Commercial Manager - Network Code

COMPANY: Transco

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0249

Date Received: 13/7/98

APPENDIX 1

DRAFT TEXT

MANDATORY PROVISION OF REASONS FOR SUPPLY POINT OBJECTION

Section G.

Paragraph 2.8.3 add the following text:

"(d) the objecting User will declare in the objection the reason for its objection and if the objecting User fails to do so Transco may reject such Supply Point Objection which accordingly will not be effective for the purposes of paragraph 2.8.6"

Paragraph 2.8.7 amend to read:

"Where no Supply Point Objection is made, or all (if any) Supply Point Objections made are withdrawn or where the Supply Point Objection has been rejected by Transco in accordance with paragraph 2.8.3(d): .."