TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0688

"Extension to Invoice Communication Methods in the event of User Intention to undertake Voluntary Discontinuance"
Version 2.0

Date: 12/03/2004

Proposed Implementation Date: 01/06/2004

Urgency: Non-Urgent

Justification

In the final quarter of 2003, The Supply Point and Billing Workstream discussed the provisions within Network Code relating to 'user voluntary discontinuance'. Transco provided certain clarification in respect of conditions required to be satisfied to achieve 'user discontinuance' subsequent to a User providing an initial notice to Transco of its intention to voluntary discontinue. Transco demonstrated that due to the nature of the different Network Code business processes triggered by Users operating within different sectors of the market, a specific 'time-bound' close out period (subsequent to initial notice) should not be included in Network Code. It was also identified that a current "event driven" process would be more appropriate and would serve to minimise financial risk to remaining Users signatories to Network Code.

Currently, the Network Code specifies that all invoices issued to Users must be issued via a UK Link Communication. It was identified that this may provide certain difficulties for Users wishing to voluntarily discontinue particularly with respect to the requirement to retain equipment necessary to receive a UK Link Communication. This may present specific difficulties in the latter stages of the 'event-driven' close out period where such UK Link communications are infrequent and a User's commercial activities have ceased.

Nature of Proposal

To modify the Network Code to allow Transco to issue invoices by 'Conventional Notice' subject to the satisfaction of certain conditions relating to User Voluntary Discontinuance. Though recognising the benefits to a discontinuing User, Transco believes the use of 'Conventional Notice' for these purposes needs to be conditional on the following criteria (to be reflected within the UK Link Manual):

- A 'discontinuance notice' has been submitted in accordance with Section V4.2.1
- The User is not the Registered User in respect of any Supply Point and is not party to any Shared Supply Meter Notification in accordance with Section V4.2.2(b).
- The User has ceased trading on the OCM.
- The User has undertaken that it will not enter into any further Code Communications, other than those associated with the receipt and payment of Transco invoices.

- Transco anticipates a low level of invoices to be issued to the discontinuing User (at a minimum, all scheduled billing has ceased, including Reconciliation by Difference charges).
- Information Exchange equipment issued upon accession to Network Code has been returned to Transco.
- No other Information Exchange equipment is able to be utilised within a User affiliate based in the United Kingdom.
- Conventional Notice to be utilised with the mutual agreement of both Transco and the User.

Purpose of Proposal

The purpose of this Modification Proposal is to allow a discontinuing User to minimise its exposure to the costs of maintaining its access to UK Link using electronic communication equipment during the latter stages of the 'event-driven' close-out period. The Proposal allows Transco to issue invoices via Conventional Notice facilitating a User's orderly exit from the gas market while minimising financial risk to the remaining Users. The measure described within this Proposal is consistent with Transco's GT Licence Relevant Objective of facilitating the efficient and economic operation of its pipe-line system.

Consequence of not making this change

Discontinuing Users would be required to retain UK Link Communication equipment for the purposes of receiving Transco invoices for the period up until all the conditions detailed within Section V4.2.2 are satisfied. This may place upon a discontinuing User an unnecessary operational costs.

Area of Network Code Concerned

Principal Document Section S1.3 and UK Link Overview Manual Appendix 5: Code Communications.

Proposer's Representative

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Proposer

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Signature

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