

MODIFICATION PROPOSAL 335
Offtake Metering Error - Payment Timescales

DRAFT LEGAL TEXT – v. 2.0 (6 July 2011)
(prepared by Scotia Gas Networks Limited)

Proposed Amendments to the Uniform Network Code

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION E

DAILY QUANTITIES, IMBALANCES AND RECONCILIATION

7 AGGREGATE NDM RECONCILIATION

7.2 Definition and calculation of relevant terms

Delete paragraph 7.2.1(d) and replace it with the following new paragraphs 7.2.1(d) and (e):

(d) **"Individual Reconciliation Sector"** means, in relation to each LDZ, System Exit Points of the kind in respect of which paragraph (a), (b) or (c) applies and LDZ Reconciliation; and

(e) **"DNO Qualifying LDZ Reconciliation"** is Qualifying LDZ Reconciliation in respect of which the Aggregate Reconciliation Quantity is negative.

7.3 Aggregate NDM Reconciliation Adjustments

Delete paragraph 7.3.2 and replace it with the following new paragraph 7.3.2:

7.3.2 For the purposes of Section F5, the Reconciliation Clearing Charge in respect of a System Clearing Contract under paragraph 7.3.1 shall be:

(a) subject to paragraph (b) below, the User Aggregate Reconciliation Clearing Value; and

(b) zero, where such System Clearing Contract relates to the User Aggregate Reconciliation Quantity in respect of DNO Qualifying LDZ Reconciliation.

Delete paragraph 7.3.4 and replace it with the following new paragraph 7.3.4:

7.3.4 For the purposes of Aggregate NDM Reconciliation the User Aggregate Transportation Charge Adjustment shall be payable:

- (a) where the Reconciliation Quantity is negative:
 - (i) in the case of the adjustment to the NTS Commodity Charges save where paragraph (iii) below applies, by the User to National Grid NTS;
 - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the User to the Transporter;
 - (iii) in the case of an Aggregate NDM Reconciliation in respect of DNO Qualifying LDZ Reconciliation (without prejudice to paragraph 7.8.4(a)), by the relevant DNO User to National Grid NTS;
- (b) where the Reconciliation Quantity is positive:
 - (i) in the case of the adjustment to the NTS Commodity Charges, by National Grid NTS to the User;
 - (ii) in the case of the adjustment to the LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges, by the Transporter to the User,

and, subject to paragraph 7.8, shall be invoiced and are payable in accordance with Section S.

7.8 Qualifying LDZ Reconciliation

Delete paragraph 7.8.1 and replace it with the following new paragraph 7.8.1:

7.8.1 For the purposes of the Code:

- (a) “**particular**” LDZ Reconciliation is LDZ Reconciliation under paragraph 7.6.1(a) in respect of adjustments (as referred to in that paragraph) made as a result of a particular failure or error in measurement equipment or other particular cause;
- (b) in relation to particular LDZ Reconciliation or Aggregate NDM Reconciliation:

- (i) the “**LDZ Reconciliation Period**” is the continuous period of Days (as referred to in paragraph 7.6.1(a)) in respect of which such adjustments were made;
- (ii) the “**relevant quantity**” is the aggregate quantity which is subject to such adjustment over the whole of the LDZ Reconciliation Period;
- (c) “**Qualifying**” LDZ Reconciliation is particular LDZ Reconciliation for which the relevant quantity is not less than 50 GWh;
- (d) “**Qualifying Aggregate NDM Reconciliation**” is Aggregate NDM Reconciliation carried out in respect of Qualifying LDZ Reconciliation;
- (e) in relation to Qualifying LDZ Reconciliation and Qualifying Aggregate NDM Reconciliation, an “**LDZ Reconciliation Month**” is a calendar month which commences and/or ends in the LDZ Reconciliation Period.

In paragraph 7.8.2, after the words “for the purposes of paragraphs 7.2.2 and 7.2.3”, insert the words “and this paragraph 7.8”.

Delete paragraph 7.8.4 and replace it with the following new paragraphs 7.8.4 to 7.8.9:

7.8.4 In relation to DNO Qualifying Aggregate NDM Reconciliation:

- (a) the User Aggregate Transportation Charge Adjustment in respect of the NTS Commodity Charges;
- (b) the User Aggregate Transportation Charge Adjustment in respect of LDZ Commodity Charges and Commodity Variable Components (if any) of the Customer Charges; and
- (c) the “User Deferred Aggregate Reconciliation Charge”, being the User Aggregate Reconciliation Value.

in respect of each LDZ Reconciliation Month within the LDZ Reconciliation Period shall be payable by the User to the relevant DNO User in installments as specified in paragraph 7.8.6.

7.8.5 In relation to DNO Qualifying Aggregate NDM Reconciliation the DNO User shall pay National Grid NTS:

- (i) the aggregate of, for each LDZ Reconciliation Month in the LDZ Reconciliation Period, the sum of F (where F is the factor specified in the Transportation Statement for the purposes of paragraph 7.2.3 - representing an estimate of the average discount in the Applicable Commodity Rate for Smaller Unmetered CSEPs compared with such rate for Smaller Supply Points -) multiplied by the Aggregate

Reconciliation Transportation Charge Adjustment in respect of the NTS Commodity Charges for that LDZ Reconciliation Period; and

- (ii) the “DNO Qualifying Aggregate NDM Reconciliation Charge” being the aggregate of the Aggregate Reconciliation Clearing Values for each LDZ Reconciliation Month in the LDZ Reconciliation Period.

7.8.6 Payments due pursuant to paragraphs 7.8.4 in respect of LDZ Reconciliation Months in relation to a DNO Qualifying Aggregate NDM Reconciliation shall be payable in a number of monthly installments equal to the number of LDZ Reconciliation Months in the LDZ Reconciliation Period. The payment in respect of the first LDZ Reconciliation Month in a LDZ Reconciliation Period shall be treated as being payable on the last Day in such LDZ Reconciliation Period and shall be invoiced as soon as reasonably practicable after the carrying out of such DNO Qualifying Aggregate NDM Reconciliation. Subject to Section S1.7.4(b), payments in respect of subsequent LDZ Reconciliation Months in relation to such DNO Qualifying Aggregate NDM Reconciliation shall be payable sequentially in monthly intervals thereafter and shall be invoiced accordingly.

7.8.7 Payments due pursuant to paragraph 7.8.5 in respect of LDZ Reconciliation Months in relation to a DNO Qualifying Aggregate NDM Reconciliation shall be treated as being payable on the last Day in the LDZ Reconciliation Period and shall be invoiced as soon as reasonably practicable after the carrying out of such DNO Qualifying Aggregate NDM Reconciliation.

7.8.8 Amounts payable pursuant to this paragraph 7.8 shall be invoiced by Ad-hoc Invoice.

7.8.9 Where a User that was a User at any time during the Aggregate Reconciliation Period determined pursuant to paragraph 7.8.2(a)(i) becomes a Discontinuing User on or before the date of submission of a relevant Ad-hoc Invoice, then to the extent that the amounts determined in accordance with paragraph 7.2.3 in relation to any LDZ Reconciliation Month in respect of which an Ad-hoc Invoice has not at such date been submitted to the Discontinuing User cannot be recovered from or paid to the Discontinuing User (or from or to any other User that is responsible for the payment of, or entitled to receive, such amounts), such amounts (including amounts payable to a DNO pursuant to paragraph 7.8.4) shall be payable by or to all other Users, as appropriate, in the proportions that would be determined in accordance with 7.2.3 (as modified by this paragraph 7.8.9) as if the User SP LDZ Aggregate AQ and the User CSEP LDZ Aggregate AQ for the Discontinuing User were zero.

SECTION F

SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY

5 RECONCILIATION CLEARING

5.2 Clearing Charge

In paragraph 5.2.1, delete the words “paragraph 7.2.3” and replace them with the words “Section E7.2.3”.

SECTION S

INVOICING AND PAYMENT

1.4 Invoice timing

Insert the following new paragraph 1.4.5:

1.4.5 Paragraph 1.4.4 shall not apply to Invoice Items or Invoice Amounts in respect of:

(a) User Aggregate Transportation Charge Adjustments; or

(b) User Deferred Aggregate Reconciliation Charges,

in relation to a LDZ Reconciliation Month in respect of Qualifying LDZ Reconciliation where any amount has become due and payable by the relevant DNO in respect of such LDZ Reconciliation Month and Qualifying LDZ Reconciliation pursuant to Section E7.8.

1.7 Termination and Insolvency

Delete paragraph 1.7.4 and replace it with the following new paragraph 1.7.4:

1.7.4 In relation to a User, on the occurrence of any of the events set out in paragraph V4.3.1(e), notwithstanding paragraph 3.1:

(a) all amounts payable to the Transporter (whether the Invoice Document in which such amounts are shown was submitted before or after the date of the occurrence of any of the events set out in paragraph V4.3.1(e)) shall be immediately payable; and

(b) any installments of a User Aggregate Transportation Charge Adjustment or User Deferred Aggregate Reconciliation Charge payable by the defaulting to the Transporter in relation to DNO Qualifying Aggregate NDM Reconciliation which have not as yet become due for payment shall become immediately due and payable.

ANNEX S-1

INVOICE TYPES AND INVOICE ITEMS

6 Reconciliation Invoice

In paragraph 6, delete the words “Amounts in respect of Aggregate LDZ Reconciliation pursuant to Section E7.8.2” and replace them with the words:

Amounts in respect of:

- (i) Aggregate LDZ Reconciliation pursuant to Section E7.8.2; and
- (ii) DNO Qualifying Aggregate NDM Reconciliation pursuant to Section E7.8.4,

shall be invoiced by way of Ad-hoc Invoice and not Reconciliation Invoice.

GENERAL TERMS

SECTION C

Delete the definition of "Energy Balancing Charges" in paragraph 1 and replace it with the following new definition:

"Energy Balancing Charges" means Market Balancing Action Charges, other charges payable in respect of Eligible Balancing Actions pursuant to Contingency Balancing Arrangements, Physical Renomination Incentive Charges, Clearing Charges in respect of Unauthorised Gas Flows, Balancing Charges, Balancing Neutrality Charges, Reconciliation Clearing Charges, User Aggregate Reconciliation Clearing Charges, DNO Qualifying Aggregate NDM Reconciliation Charges and Reconciliation Neutrality Charges;