

UNC and DSC: Accession and Exit

1 Introduction

- 1.1 This note sets out issues and proposals in relation to the linked accession and exit processes and requirements under the UNC and DSC.
- 1.2 This note is preliminary and for discussion.

2 Accession

- 2.1 A party cannot be a Party under the UNC (ie under a Network Code) unless it is a Customer under the DSC, and cannot be a Customer under the DSC unless it is a Party under the UNC (a Network Code). Therefore a party cannot accede to the UNC without also acceding to the DSC and likewise a party cannot accede to the DSC without also acceding to the UNC.
- 2.2 There are two aspects to consider in relation to linked accession under the UNC and DSC, namely:
- (a) requirements that a party must satisfy in order to accede to the DSC; and
 - (b) changes required in the UNC in order to recognise the DSC.
- 2.3 Note that when the DSC is first signed, an accession process will not apply (the initial parties will not be acceding to the DSC but rather bringing it into existence) and instead transitional requirements will apply.
- 2.4 *DSC Accession*: To accede as a Customer to the DSC a party would need to:
- (a) sign the DSC Accession Agreement; and
 - (b) satisfy certain "DSC Accession Requirements" (to be specified in the DSC); including:
 - (i) being a party to a Network Code;
 - (ii) complying with DSC credit requirements;
 - (iii) providing 'party information' to the CDSP (including Customer class)¹;
 - (iv) complying with UK Link access requirements (equivalent to the current requirements under Section U which are required to be complied with before a User may send and receive UK Link Communications); and
 - (v) paying the applicable accession charges.
- 2.5 *UNC changes*: The below table sets out some of the changes to the UNC that will be required in order to recognise DSC accession.

¹ For discussion whether any 'conditions for service' requirements in the DSC Services Description need to be satisfied prior to becoming a Customer.

Changes required to UNC - Accession			
UNC Reference	Summary of current provision	Proposed change	Reason for change/comment
TPD Section V			
Section V2.1.2	Applicant User accession requirements.	Add requirement for Applicant User to sign DSC Accession Agreement and satisfy the DSC Accession Requirements.	An Applicant User will be obliged to become a DSC Customer.
Section V2.1.2(d)	Applicant User must comply with UK Link access requirements.	Delete.	Equivalent requirement to comply with Section U requirements will be inserted into DSC as a DSC Accession Requirement.
Section V2.1.5	Accession to UK Link is a User Pays Service.	Delete.	Will be covered by accession charge as one of the DSC Accession Requirements.
Section V2.1.7	Accession requirements in relation to switch from Trader User to Shipper User.	Query whether to include requirement for Trader User to comply with requirement to accede to DSC?	Depends on whether Trader Users will be DSC Customers.
Section V2.1.8	Accession requirements in relation to switch from Shipper User to Trader User.	Query whether to add requirement that a Shipper User that wishes to become a Trader User must cease to be a DSC Customer?	Depends on whether Trader Users will be DSC Customers.
Section V2.2.2	Transporter notification requirement upon User Accession.	Query whether to add a requirement for the Transporter to notify the CDSP upon the admission of a User?	Depends on accession process.
Section V2.5	Restricted Users.	-	Query whether a Restricted User is a DSC Customer?
OAD			
Section N4.2.2	New DNO accession requirements.	Add requirement to sign DSC Accession Agreement and satisfy the DSC	A New DNO will be obliged to be a DSC Customer.

		Accession Requirements.	
IGTAD			
Section F3.2.2	New IGT accession requirements.	Add requirement to sign DSC Accession Agreement and satisfy the DSC Accession Requirements.	An New IGT will be obliged to be a DSC Customer.
F3.2.2(d)	New IGT must accede to IGT Agency Services Agreement.	Delete.	The DSC will replace the IGT Agency Services Agreement in respect of IGTs.

2.6 A more detailed issue is the specific process to be adopted for the linked accession to the UNC and DSC. A party wishing to accede could either:

- (a) contact the relevant Transporter who would deal with accession to the UNC and would forward the request and relevant information to the CDSP, which would deal with accession to the DSC (through the DSC Accession Agreement); or
- (b) make two separate accession applications, one application to the relevant Transporter (UNC) and one application to the CDSP (DSC).

3 Exit

3.1 The proposed principles are:

- (a) the DSC will not itself contain provisions allowing for termination of a Customer;
- (b) a party will automatically cease to be a DSC party if it ceases to be a Party under the UNC;
- (c) a condition for voluntary exit of a Party under the UNC will be that the party wishing to voluntarily exit must satisfy certain exit requirements under the DSC;
- (d) the UNC will include, as an event of default by a User, a default under the DSC.

3.2 The DSC will state that:

- (a) a party will cease to be a DSC Customer (and cease to be party to the DSC) if, and only if, and at the same time that, it ceases to be a Party to the UNC (ie when it is no longer a Party under any Network Code);
- (b) a party which ceases to be a DSC Customer will remain liable for amounts payable in respect of periods before the exit date and for any antecedent breach (equivalent to the current requirement in TPD V4.2.5).

3.3 Voluntary Exit

3.3.1 *DSC provisions*: In respect to voluntary exit the DSC will define "DSC Voluntary Exit Requirements" to be satisfied by a party before it can voluntarily cease to be a UNC Party, including:

- (a) paying all monies payable by it under the DSC;
- (b) remedying any breach of the DSC that was capable of remedy; and
- (c) complying with the requirements relating to returning Licenced Software, the UK Link Manual and discontinuing access to UK Link (equivalent to the current provisions of Section U2.8).

3.3.2 *UNC provisions*: The below table sets out some of the changes to the UNC that will be required in order to recognise these provisions of the DSC.

Changes required to UNC - Voluntary Exit			
UNC Reference	Summary of current provision	Proposed change	Reason for change/comment
TPD Section V			
V4.2.2	Voluntary discontinuance requirements.	Insert requirement to satisfy DSC Voluntary Exit Requirements.	A party wishing to voluntarily exit the UNC must at the same time also exit the DSC.
V4.2.2(c)	Obligation for exiting User to comply with U2.8.	Delete.	Complying with the requirements of Section U2.8 will be one of the DSC Voluntary Exit Requirements set out in the DSC.
-	-	-	Transporter should give notice to CDSP when it receives a Discontinuance Notice.
OAD			
5.1.1	Insert requirement to satisfy DSC Voluntary Exit Requirements.	-	-
IGTAD			

4.1.1	Insert requirement to satisfy DSC Voluntary Exit Requirements.	-	-
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3.4 **Involuntary Exit (termination)**

3.4.1 Involuntary exit will apply only to shippers (not to GTs or iGTs). There are no provisions in the UNC (TPD, IGTAD or OAD) or any Network Code for termination of a Transporter. (Upon a licence revocation, Ofgem would presumably appoint another person as Transporter, who would need to accede to the DSC.) We will need to consider whether assurances or sanctions (falling short of termination) are to be provided in the DSC for payment by Transporters of DSC charges.

3.4.2 As mentioned above:

- (a) the DSC will not itself contain provisions allowing for termination (voluntary or involuntary).
- (b) the proposed principle is that a DSC Customer defaulting under the DSC will be committing an event of default under the UNC - a "DSC Default".

3.4.3 A "DSC Default" may lead to the defaulting party being terminated under the UNC. This would automatically result in the defaulting party also ceasing to be a DSC Customer (see 3.2(a) above).

3.4.4 In order for a party to be terminated as a DSC Customer, the party must be terminated by all Transporters (under their respective Network Codes); otherwise the DSC Customer would remain a Party to the UNC and thus also the DSC.

3.4.5 A "DSC Default" could be defined in the DSC (by analogy with TPD section V3) to include:

- (a) failure to comply with DSC credit requirements;
- (b) failure to comply with DSC payment obligations; and
- (c) other breaches of the DSC (distinguishing remediable and non-remediable breaches).

3.4.6 The below table sets out the change to the UNC that will be required in order to recognise the DSC Default.

Changes required to UNC - Involuntary Exit			
UNC Reference	Summary of current provision	Proposed change	Reason for change/comment
TPD Section V			
4.3.1	Lists types of User	Add as a new limb	A DSC Customer defaulting under the

	Default.	(h) a DSC Default.	DSC will be committing an event of default under the UNC.
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