UNIFORM NETWORK CODE

CODE MODIFICATION PROPOSAL 0338V

REMOVE THE UNC REQUIREMENT FOR A 'GAS TRADER' USER TO HOLD A GAS SHIPPER LICENCE

Legal Text (Revision) Draft 25.01.12

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM USE AND CAPACITY

Insert new paragraph 1.13 to read as follows:

"1.13   **Trader User**

In this Section B references to Users exclude Trader User."

SECTION C – NOMINATIONS

Insert new paragraph 1.12 to read as follows:

"1.12   **Trader User**

In this Section C references to Users, except in relation to paragraphs 5 and 6, exclude Trader Users."

SECTION D – OPERATIONAL BALANCING AND TRADING ARRANGEMENTS

Insert new paragraph 1.9 to read as follows:

"1.9   **Trader User**

In this Section D references to Users include Trader Users."

Insert new paragraph 4.9 in Annx D-1 to read as follows:

"4.9   A Trading Participant who is a Trader User:

(a)   may post and accept a Market Offer to enter into a Non-physical Market Transaction;

(b)   may not post but may accept a Market Offer to enter into a Physical Market Transaction."

SECTION E – DAILY QUANTITIES, IMBALANCES AND RECONCILATION

Insert new paragraph 1.12 to read as follows:

"1.12   **Trader User**

In this Section E references to Users, except in paragraphs 1.2, 1.6, 1.10, 5 and 9.1.1(a), exclude Trader Users."

SECTION F – SYSTEM CLEARING, BALANCING CHARGES AND NEUTRALITY

Insert new paragraph 1.6 to read as follows:

"1.6   **Trader User**

In this Section F references to Users, except in paragraphs 1.1, 1.2 and 2 exclude Trader Users."

SECTION G – SUPPLY POINTS

Insert new paragraph 1.21 to read as follows:

"1.21   **Trader User**

In this Section G references to Users exclude Trader Users."

SECTION H – DEMAND ESTIMATION AND DEMAND FORECASTING

Insert new paragraph 1.12 to read as follows:

"1.12   **Trader User**

In this Section H references to Users exclude Trader Users."

SECTION I – ENTRY REQUIREMENTS

Insert new paragraph 1.8 to read as follows:

"1.8   **Trader User**

In this Section I references to Users exclude Trader Users."

SECTION J – EXIT REQUIREMENTS

Insert new paragraph 1.10 to read as follows:

"1.10   **Trader User**

In this Section J references to Users exclude Trader Users."

SECTION K – OPERATING MARGINS

Insert new paragraph 1.6 to read as follows:

"1.6   **Trader User**

In this Section K references to Users exclude Trader Users."

SECTION L – MAINTENANCE AND OPERATIONAL PLANNING

Insert new paragraph 1.7 to read as follows:

"1.7   **Trader User**

In this Section L references to Users exclude Trader Users."

SECTION M – SUPPLY POINT METERING

Insert new paragraph 1.12 to read as follows:

"1.12   **Trader User**

In this Section M references to Users exclude Trader Users."

SECTION N – SHRINKAGE

Insert new paragraph 1.6 to read as follows:

"1.6   **Trader User**

In this Section N references to Users exclude Trader Users."

SECTION O – SYSTEM PLANNING

Insert new paragraph 1.6 to read as follows:

"1.6   **Trader User**

In this Section O references to Users exclude Trader Users."

SECTION Q – EMERGENCIES

Amend paragraph 1.10. 1 to read as follows:

"1.10.1 Any request or instruction given by the Transporter in a Gas Supply Emergency to a:

    (a)   Shipper User ~~in a Gas Supply Emergency~~ shall be treated as being:

        (i)   a ~~(a)~~ request for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence;

        ~~(b)~~(ii)   a request for cooperation pursuant to Regulation 6(1);~~and~~

    (b)   Trader User shall be treated as being:

        (i)   a request for the purposes of paragraph 1.10.5;

        (ii)   a request for cooperation for the purposes of complying with paragraph 1.10.6; and

    (c)   Shipper User or Trader User to the intent that paragraph 4 shall (where relevant) apply in relation thereto, a request or instruction made pursuant to this Section Q;

unless in any case such request or instruction is not capable of being construed as such.

Amend paragraph 1.10. 2 to read as follows:

"1.10.2   ~~Without prejudice to paragraph 1.10.1(b), n~~Nothing in this Section Q shall preclude the Transporter from making any request to:

    (a) a Shipper User for the purposes of Standard Licence Condition 5(2) of the Shipper's Licence or for cooperation pursuant to Regulation 6(1);

    (b) a Trader User for the purposes of paragraph 1.10.5 or for cooperation pursuant to paragraph 1.10.6."

Insert new paragraph 1.10.4 to read as follows:

" 1.10.4   Paragraph 1.10.5 shall apply:

    (a) in the case of an escape, or suspected escape, of gas; or

    (b) in the case of a Gas Supply Emergency, that is to say, where the circumstances are such that, in the opinion of the Transporter:

        (i)   the safety of the Total System or a part of the Total System is significantly at risk;

        (ii)   the safe conveyance of gas by the Total System or a part of the Total System is significantly at risk; or

        (iii)   gas conveyed by the Total System or a part of the Total System is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property;

and that opinion is not manifestly unreasonable.

Insert new paragraph 1.10.5 to read as follows:

"1.10.5   A Trader User shall use its best endeavours to comply with all requests made by the Transporter (save any which are manifestly unreasonable) for the purpose of, as may be appropriate:

(i)   averting or reducing danger to life or property;

(ii)   securing the safety of the Total System or a part of the Total System or the safe conveyance of gas thereby or reducing the risk thereto;

Insert new paragraph 1.10.6 to read as follows:

" 1.10.6   A Trader User shall cooperate so far as is necessary with the Transporter and with the NEC to enable the Transporter to comply with the provisions of the Regulations."

Insert new paragraph 1.13 to read as follows:

"1.13   **Trader User**

In this Section Q references to Users, except in paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, 1.9, 1.10.1(c), 1.11, 2.1.1, 2.2, 2.6, 2.7, 3.1, 3.6, 4 and 8, exclude Trader Users."

SECTION R – STORAGE

Insert new paragraph 1.12 to read as follows:

"1.12   **Trader User**

In this Section R references to Users exclude Trader Users."

SECTION S – INVOICING AND PAYMENT

Insert new paragraph 1.12 to read as follows:

"1.12   **Trader User**

In this Section S references to Users include Trader Users."

SECTION U – UK LINK

Insert new paragraph 1.13 to read as follows:

"1.13   **Trader User**

In this Section U references to Users include Trader Users."

SECTION V – GENERAL

Amend paragraph 1.1.7 to read as follows:

" In this paragraph 1.1 references to Users exclude Trader Users and DNO Users."

Insert new paragraph 1.2.7 to read as follows:

"1.2.7   In this paragraph 1.2 references to Users exclude Trader Users."

Amend paragraph 2.1.1 to read as follows:

"In order to become a Shipper User in relation to a System or a Trader User in relation to the NTS a person (the "**Applicant User**") must:

(a)   satisfy or secure satisfaction of the <u>relevant</u> requirements in paragraph 2.1.2; and

(b)   accede to the relevant Shipper Framework Agreement and thereby agree to be bound by the Code."

Amend paragraph 2.1.2(b) to read as follows:

" <u>where the Applicant User wishes to become a Shipper User,</u> either:

(i)   a Shipper's Licence shall have been granted to the Applicant User which is in force and in respect of which no notice of revocation has been given, and the Applicant User shall have provided a copy of such licence to the Transporter; or

(ii)   a Shipper's Licence shall be treated as having been granted to the Applicant User pursuant to a scheme made under paragraph 15 or 16 of Schedule 5 to the Gas Act 1995;"

Amend paragraph 2.1.2(c) to read as follows:

" <u>where the Applicant User wishes to become a Shipper User</u> in relation to an LDZ of which National Grid <u>NTS</u> is not the owner or operator, the Applicant User is, or will be, a Shipper User under National Grid's Network Code at the User Accession Date;"

Amend paragraph 2.1.2(g) to read as follows:

" <u>where the Applicant User wishes to become a Shipper User,</u> the Applicant User shall have been assigned an initial Code Credit Limit in accordance with paragraph 3;"

Amend paragraph 2.1.2(i) to read as follows:

" …. <u>where the Applicant User wishes to become a Shipper User,</u> the Applicant User shall have provided the Transportation Charges contact detail as required under Section 3.4.7; "

"

Insert new paragraphs 2.1.6, 2.1.7 and 2.1.8 to read as follows:

"2.1.6   For the avoidance of doubt a person may not become a Trader User in relation to any System other than the NTS.

2.1.7   Where a Trader User wishes to become a Shipper User the Trader User must:

(a)   notify National Grid NTS, in such form as National Grid NTS may from time to time specify, that it wishes to become a Shipper User;

(b)   satisfy those requirements in paragraph 2.1.2(b), (c), (g) and (i) which the Trader User was not required to secure or satisfy for the purposes of becoming a Trader User; and

(c)   be assigned a revised Secured Credit Limit in accordance with Section X

and the Trader User shall become a Shipper User with effect from the Day which is 3 Business Days after satisfaction of the last of the requirements specified in this paragraph 2.1.7.

2.1.8   Where a Party who is a Shipper User wishes to become a Trader User such Party must:

(a)   cease to be a Shipper User of or in relation to a System (in accordance with paragraph 4.2); and

(b)   become a Trader User in accordance with paragraph 2.1.2 on the date on which it ceases to be a Shipper User."

Insert new paragraph 3.1.9 to read as follows:

"3.1.9   In this paragraph 3 references to Users exclude Trader Users."

Amend paragraph 4.1.6(a) to read as follows:

"In this paragraph 4 references to:

(a)   Users include Trader Users, except in relation to paragraph 4.3.1(f), and DNO Users;"

Amend paragraph 5.1.3 to read as follows:

"In this paragraph 5 references to Users include Trader Users and DNO Users."

Amend paragraph 6.1.5 to read as follows:

"In paragraph 6 references to Users, except in paragraph 6.5, include Trader Users and DNO Users."

Amend paragraph 9.1.5 to read as follows:

" In this paragraph 9 references to Users include Trader Users, except in relation to paragraphs 9.5, 9.6 and 9.7, and exclude DNO Users."

Delete paragraph 10.1.1(g).

Insert new paragraph 10.1.2 to read as follows:

"In this paragraph 10 references to Users exclude Trader Users and DNO Users."

Insert new paragraph 11.3 to read as follows:

"11.3   **Trader User Requirements**

A Trader User shall not knowingly or recklessly pursue any course of conduct (either alone or with some other person) which is likely to prejudice:

(a)   the safe and efficient operation by National Grid NTS of the NTS;

(b)   the safe, economic, and efficient Operational Balancing of the Total System;

(c)   the due functioning of the arrangements set out in National Grid's Network   Code.

SECTION X – ENERGY BALANCING CREDIT MANAGEMENT

Insert new paragraph 1.6 to read as follows:

"1.6   **Trader User**

In this Section X references to Users include Trader Users."

SECTION Z – NATIONAL GRID LNG STORAGE FACILITIES

Insert new paragraph 1.11 to read as follows:

"1.11   **Trader User**

In this Section Z references to Users exclude Trader Users."

TRANSITION DOCUMENT

PART IIC – TRANSITIONAL RULES

Insert new paragraph 8.6 to read as follows:

"8.6   **Trader User**

In paragraphs 8.1, 8.2, 8.3 and 8.4 references to Users exclude Trader Users."

Amend paragraph 9.1.8 to read as follows:

"References in this paragraph 9.2 to 9.8 (inclusive) to Users are to Shipper Users (and not to Trader Users or DNO Users)."

Amend paragraph 10.1.2 to read as follows:

"References in this paragraph 10 to Users are to DNO Users (and not to Shipper Users or Trader Users)."

PART IID – FLEXIBILITY BIDDING

Number existing text at paragraph 1 as paragraph 1.1 and insert new paragraph 1.2 to read as follows:

"1.2   References in this Part IID to Users exclude Trader Users."

MODIFICATION RULES

Amend definition of 'Relevant Shipper' in paragraph 2.1 to read as follows:

"**Relevant Shipper**": for the purposes of these Rules only in relation to an Individual Network Code Modification Proposal means:

(a)   a Shipper User who has a transportation arrangement with the Transporter in respect of the System(s) to which the Individual Network Code relates;

(b)   where such proposal relates to National Grid NTS's Network Code, a Trader User;"

Amend definition of 'User' in paragraph 2.1 to read as follows:

" "**User**": for the purposes of these Rules references to a User:

(a) in the context of an Individual Network Code Modification Proposal, includes

(i) a Relevant Shipper;

(ii) a Trader User;

(iii) in the context of the definition of Relevant Transporter, sub paragraph (b), a DNO User;

(b) in the context of a User Pays Modification Proposal that includes a proposal for payment of the User Pays Implementation Costs, or a proportion of them, to be made by a DNO User, includes a DNO User; and

(c) in all other contexts excludes a DNO User;"

GENERAL TERMS

SECTION A – DISPUTE RESOLUTION

Insert new paragraph 1.8 to read as follows:

"1.8   **Trader User**

In this Section A references to Users include Trader Users."

SECTION B – GENERAL

Amend paragraph 1.5.1(a) to read as follows:

"For the purposes of the Code:

(a)   "**Shippers Framework Agreement**" is the agreement pursuant to which a Transporter's Network Code is made binding between the Transporter and each Shipper User and each Trader User;"

Amend paragraph 2.2.1 to read as follows:

"For the purposes of the Code:

(a)   "**Shipper User**" means a person other than a Transporter (but subject to TPD Section V7) or a Trader User who is for the time being bound by the Code pursuant to a Shippers Framework Agreement;

(b)   "**Trader User**" means a person, other than National Grid NTS (but subject to TPD Section V7) or a Shipper User, who is for the time being bound by the Shippers Framework Agreement to which National Grid NTS is a party for the purposes of submitting Trade Nominations in accordance with TPD Section C5 and not for the purpose of arranging for gas to be introduced into, conveying by means of or taken out of the Total System; ~~and~~

(c)   "**DNO User**" means …. ; and

(d)   "**User**" means a Shipper User or:

(i)   (subject as provided in paragraph 2.2.5(a)) a Trader User;

(ii)   (subject as provided in paragraph 2.2.5(b)) a DNO User."

Amend paragraph 2.2.2 to read as follows:

"A reference in the Code to a User as a User of (or in relation to) a System is a reference:

(a)   in the case of a Shipper User, to ~~a~~ the Shipper User in its capacity as a person bound (or to be bound) by the Code pursuant to the Shippers Framework Agreement to which the Transporter which owns or operates that System is party;

(b)   in the case of a Trader User, to the Trader User in its capacity as a person bound (or to be bound) by the Code pursuant to the Shippers Framework Agreement to which National Grid NTS is a party.

Amend paragraph 2.2.5 to read as follows:

"References to Users in different parts of the Code:

(a)   include or exclude Trader Users;

     (b)   include or exclude DNO Users

as provided in each such part of the Code (and references to Parties shall be construed   accordingly).

Amend paragraph 2.4.1 to read as follows:

"Nothing in the Code or a Framework Agreement or any Ancillary Agreement creates contractual rights or liabilities:

(a)   between Shipper Users inter se;

(b)   between Trader Users inter se; ~~or~~

(c)   between DNO Users inter se;

(d)   between any Shipper User and any Trader User;

(e)   between any Shipper User and any DNO User; or

(f)   between any Trader User and any DNO User

except where the Code …."

Amend paragraph 3.1.4 to read as follows:

"In this paragraph 3 references to Users include Trader Users and DNO Users."

Amend paragraph 4.3.8 to read as follows:

"In this paragraph 4.3 references to Users include Trader Users and DNO Users."

Amend paragraph 5.1.9 to read as follows:

"In this paragraph 5 references to Users include Trader Users and DNO Users."

SECTION C – INTERPRETATION

Insert new paragraph 2.1.7 to read as follows:

"2.1.7   In this Section C references to Users include Trader Users."