

**0582 - Amendments to reflect separation
in legal ownership of NTS and National
Grid owned LDZs to facilitate the sale of
National Grid's Gas Distribution Business**

nationalgrid

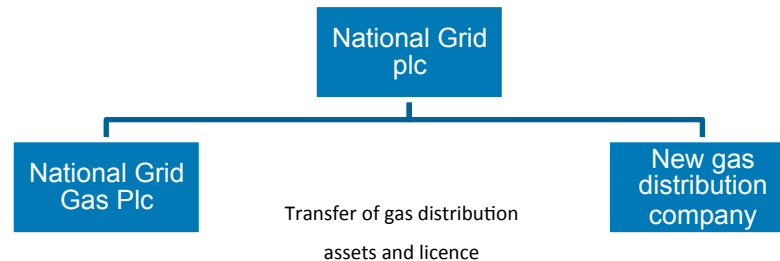
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National Grid Distribution

UK GAS DISTRIBUTION



- National Grid announced in November 2015 that it plans to sell a majority stake in its Gas Distribution Network business.
- Asset and Licence Transfer
- Hive-across arrangements – 1st October 2016
- Following the proposed transfer, a majority stake in the new distribution company will then be sold.
- Changes to UNC (enduring and transition) required to facilitate...





- UNC developed at Project Blackwater (DN Sale) to support separation in legal ownership of the NTS and one (or all) of the networks
- no substantive changes to UNC required to facilitate the transfer in ownership of the remaining National Grid owned networks to a NewCo prior to sale; the required structures have been in place in UNC since 2005
- Limited UNC changes are required, falling into two categories:
 - changes to reflect the fact that National Grid will no longer be the holder of a GT licence authorising the conveyance of gas through the relevant LDZ, that National Grid will cease to be a DN Operator and that National Grid's network code will in future relate to the NTS only;
 - transitional rules to ensure an ordered transfer of rights and obligations relating to the relevant LDZs from National Grid to NewCo. In this respect it is possible to follow the same approach to that followed for Project Blackwater.

- Requirements:
 - Relevant provisions in UNC need to reflect the first category of change (limited to some discrete changes in TPD V and GT B)
 - New rules to deal with the transfer of rights and obligations and carry across of UNC values and parameters under the second category
 - NewCo's Network Code and UNC will have effect from the transfer date in relation to the networks. This has involved reviewing the Project Blackwater transitional rules and replicating where necessary in TD Part II, as including some further transitional rules where required in separate parts of the UNC, e.g. OAD.
- Though outside of UNC, it is necessary for NewCo to prepare an individual network code (incorporating UNC) and for shippers requiring a transportation service across NewCo's LDZs to sign a new shipper framework agreement in advance of the transfer date.
- Credit related changes will be subject to separate UNC Modification Proposal



- Self governance procedures apply
 - No material impact on consumers
- Distribution Workgroup discussion – 26th May 2016
 - Workgroup Report to June 2016 Modification Panel