

Version 1.0

Network Code to Uniform Network Code

List of Changes

Discussion Document

Note:

This document has been prepared to assist in the development of the UNC by proposing solutions to issues identified to date.

At this stage, it is not intended to be an exhaustive list or a definitive statement.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

Network Code to Uniform Network Code “(UNC)” – List of Changes

Change Types - Definitions

Category 1 Generic / Technical

This is essentially a “find and replace” exercise undertaken using the drafting rules detailed below.

Category 2 These are **changes to existing** provisions that require modification to allow multiple licenced gas transporters to be party to the UNC.

Category 3 These are **new** provisions required to allow multiple licenced gas transporters to be party to the UNC.

Category 1 Technical / Generic

- Use of “**Transco**”
Transco would be replaced with various forms of words depending on the original context. (**Transco LNG Storage Facility** would remain unchanged.)
Examples
 1. “Transco” is retained.
Used where it remains necessary to refer to Transco plc.
 2. “Transco” is replaced with [Transco (NTS)]
Used where the obligation falls on Transco in its role as the NTS operator
 3. “Transco” is replaced with [a / the relevant transporter(s)]
Used where the obligation falls on a transporter or transporters operating a particular network or networks.
 4. “Transco” is replaced with [transporters]
Used where the obligations fall on **all** UNC transporter participants jointly.
 5. “Transco” is replaced with [each transporter].
Used where it is required to establish bilateral obligations between each transporter and (a) shipper(s).
- “**Transco’s Licence**” would be replaced in the most part by [Gas Transporters’ Licence] although where the reference relates to a licence condition particular to Transco’s Gas Transporters’ Licence, Transco’s Licence would be retained.
- Use of “**Code**”
Where possible the word “Code” would remain unchanged, and to recognise the move from “Network Code” to refer to “Uniform Network Code”, its definition would be modified in Section V1.1.

References to other Legislation

References to Transco Licence are in the process of being corrected as part of Network Code Version 3 rationalisation.

References to Shippers Licence conditions, Suppliers Licence conditions, GSM Regs and Gas Act also need to be located and corrected as necessary.

Version 1.0

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Uniform Network Code

A System Classification

Description

This section defines various points on the system required define the transportation services contained in the Code.

Category 1

There are few obligations placed on the Transporter in this section, but of those that do exist they would undertaken by NTS.

Category 2

- 1.1 Definition of "**System**" is currently "the pipes operated by Transco".
The definition needs to be amended to accommodate the concept of a "participating" gas transporter and the pipes operated by such transporters.
A participating gas transporter would be one that has a Network Code that points to the UNC.

Category 3

No changes falling into this category have been identified.

Assumptions

A Distribution Network ("DN") will contain one or more whole LDZs and, therefore, a Distribution Network Operator "DNO" will be the exclusive operator of parts of the system defined by the boundaries of one or more LDZs.

All transfers of gas between UNC transporters will be risk free for the shipper.

Gas will be considered as exiting the system at the point of offtake, the physical route will not be referenced as part of the commercial arrangements.

NTS will co-ordinate the production and publication of the Ten Year Statement ("TYS") with input from DNOs

Issue

Need to ensure that the assumption and the references in the Code are consistent with transporter licence regarding authorship and publication of the TYS.

Version 1.0

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B System Use and Capacity

Description

Section B defines the terms by which Users may apply for and hold capacity in the System at certain system points.

Category 1

The obligations in this section relate to both LDZ and NTS tiers of the system and, consequently, references to Transco, in the main, would require a Category 1(3) change.

References to System Entry Capacity would be amended to refer to NTS System Entry Capacity reflect that the management of entry capacity is an NTS activity.

Exceptions:

- 1.8.2 The UNC would require each transporter to agree to the price revision timetable, and therefore a Category 1(5) change is required.
- 1.8.4 Replace Transco using a Category 1(2) change.

- 2 The commercial arrangements (auctions, buy-backs, overruns and neutrality) relating to entry capacity are an NTS activity. Therefore, references to Transco in this section would require a Category 1(2) change.

- 3 Exit Capacity, as Entry.

- 5 Capacity Trading, as Entry.

Category 2

- 5.4 would not apply where termination is a "DNO only" termination. See Section V4 – In principle, a "DNO only" termination is where only a limited number of DNOs serve notice of termination.

Category 3

No changes falling into this category have been identified.

Assumptions

Changes to the Exit regime would be implemented as modifications to either the Network Code or the UNC depending on timing.

Charge types will stay the same.

The Code obligations relating to Scottish Independent Networks (paragraph 1.9.2), will rest with DNO.

Each Transporter will be required to produce, maintain and publish a (pricing) Transportation Statement.

Version 1.0

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C Nominations

Description

Section C predominantly relates to the NTS and describes the terms by which Users will nominate quantities of gas for delivery to and offtake from the System for the purpose of enabling Transco to plan and carry out the operation of the System and Operational Balancing.

Category 1

The majority of the obligations in this section relate to the NTS and, consequently, references in this section would require a Category 1(2) change.

Exceptions:

- 1.7 The provision of CV data to Users would be an obligation on the transporter owning the CV measuring equipment; consequently references to Transco would require a category 1(3) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Assumption

The UNC obligation to provide CV information rests with the DNO and is discharged with the assistance of the NTS through the Offtake Code.

D Operational Balancing and Trading Arrangements

Description

Section D describes NTS activities, setting out the provisions for maintaining a balance between the quantities delivered to and offtaken from the system, and accounting for Shrinkage, line-pack changes and LDZ Stock. This section also makes provision for Transco to take "Operational Balancing Steps", utilising Operating Margins or taking Balancing Actions where appropriate.

Section D also defines the gas trading arrangements.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Version 1.0

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E Daily Quantities, Imbalance and Reconciliation

Description

Section E describes the methods by which Users' Daily Input and Output Quantities are derived, and, along with Trade Nominations and Unauthorised Gas Flows, utilised to establish the Daily Imbalance for each User. Also defined in D, are the terms for determining Reconciliation values.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section to Transco would require a Category 1(2) change.

Exceptions:

6 & 7 Reconciliation

Reconciliation, in the main, relates to an activity associated with Supply Points located in an LDZ although some DM sites may be located on the NTS. Therefore references to Transco would require a Category 1(3) change.

8 Suppressed Reconciliation

References to Transco would require a Category 1(3) charge.

Category 2

Modify paragraph 1.2.1 to emphasize that the Daily Imbalance is for the entire system, as defined by the UNC.

Modify paragraph 1.5 to emphasize that the obligation to obtain this information would rest on the DNO.

6.6 and 7.3

Reconciliation Transportation Charge Adjustments

References to the payment and receipt of adjustments by Transco would need to be amended to reflect that some of the reconciliation would be due to / payable by Transco NTS and some would be due to / payable by the relevant DNO

Category 3

No changes falling into this category have been identified.

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F System Clearing, Balancing Charges and Neutrality

Description

This section describes the following NTS activities: the process for the clearing of each User's Daily Imbalance and/or reconciliation quantities; and, the calculation and payment of Daily Imbalance, Scheduling, Balancing Neutrality and Reconciliation Neutrality charges.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section to Transco would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Assumptions

Transco (NTS) will have the UNC obligation to manage the neutrality account.

Transco (NTS) will discharge its obligations in this area through the Agency Agreement.

Version 1.0

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G Supply Points

Description

Section G relates to obligations that will be discharged by the relevant transporter (which including Transco (NTS) since the definition of "Supply Point" applies to both the NTS and LDZ tiers of the system). This section describes the process of Supply Point registration and the definition of the roles and responsibilities of a Transco and Registered User in the supply point transfer process. The section also sets out the arrangements for interruptible supply points and the process surrounding interruption (currently managed by NTS). The section also establishes responsibilities in the parts of the Siteworks process that are required to operate the transportation business.

Category 1

Each transporter would have obligations in this section and, consequently, references to Transco would require a Category 1(3) change.

At the time of writing, each DNO would require an Isolations Siteworks Agreement (G3.5.2) although the implementation of the RGMA modification proposals would remove this requirement.

Exception:

6.3.10 As Transco NTS operates in the role of Top-up Manager this paragraph requires a Category 1(2) change

Category 2

2.1.6 this paragraph needs to be modified to say that only where the User is terminated from all networks would the SOLR provisions listed apply.

6.3.4 Firm Transportation Requirement

This paragraph would need to be amended to reflect that an interruptible supply point could only revert to firm where all the transporters pertinent to the physical supply of the supply point agree to the re-designation.

6.7 Interruption

This section will need to be amended to recognise that shippers will be required to interrupt supply points on both the instruction of the NTS, (where the transportation constraint is "national") and the DNO, (where the transportation constraint is "local").

6.9.7 Failure to Interrupt

This paragraph would require a minor amendment to clarify that any sanction applied relating to FTI would be applied at national system level and not at DNO level.

Category 3

No changes falling into this category have been identified.

Assumptions

The Offtake Code will reference that for the most part the DNO would give control of interruption to the NTS without prejudicing its right to interrupt unilaterally should a local constraint dictate.

NTS will continue to operate the interruption systems and manage the interruption procedure. Even where the interruption has been initiated by the DNO, the instruction to interrupt will be sent to the shipper by NTS systems. A single point of contact will be retained for the shipper.

Each DNO will be required to publish its General Conditions of Contract for Site Engineering Works.

Version 1.0

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Issue

The Exit & Balancing Workgroup may give rise to significant rule changes to this section, as the interruption process is one of the aspects of the exit review.

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H Demand Estimation and Demand Forecasting

Description

Section H defines the processes associated with NDM Demand Estimation, for purposes including the determination of Supply Point Capacity and Exit Capacity, establishing Nominations and Offtake Quantities, and for the determination of Annual Quantities.

Category 1

The relevant DNO would carry out the obligations in this section and, consequently, references in this section to Transco would require a Category 1(3) change.

Category 2

No changes falling into this category have been identified.

Category 3

A statement will be included to the effect that, by being a party to the UNC, each DNO agrees that a single, and common methodology will be used for discharging the obligations detailed in paragraphs 1 to 54 of this Section.

Assumptions

The DNO will have the Code obligation to develop Demand Estimation Models and derive End User Categories. Additionally, the obligations to determine supply point demand, derive NDM AQs and Capacity will rest with the DNO, although the production and publication will be achieved using the services of Transco NTS

The Network Code obligation to determine LDZ demand will also rest with the DNO.

Version 1.0

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I Entry Requirements

Description

Section I relates to the delivery of gas to the System at System Entry Points via Connected Delivery Facilities, and defines the Network Entry Provisions and the Gas Entry Conditions.

Category 1

The obligations in this section relate primarily to the NTS although the certain obligation relating to the delivery facilities at on-shore fields will fall on the DNO.

Consequently, references in this section to Transco would require a Category 1(2) change in the main, with a caveat to say that where the obligation relates to a LDZ direct input, the obligation will fall on the relevant DN operator.

Category 2

No changes falling into this category have been identified.

Category 3

A new provision will be required to establish a zero risk title transfer at the NTS / LDZ interface from Transco NTS to independent DNO, (in the same way as happens currently and would happen where Transco is the DNO of a retained DN).

J Exit Requirements

Description

The provisions of this section cover the offtake of gas from the System at System Exit Points. Section J also defines the role of NExAs for Supply Meter Points and Connected System Exit Points.

Category 1

The provisions in this section relate to offtakes from both the NTS and the LDZ. Therefore, references to Transco would require a Category 1(3).

Category 2

Although the DNO does not receive NTS revenues it is proposed that this would not vary the amount payable by a DN under the failure to supply arrangements. 3.5.3(iii) & 3.5.5(iii) add "an amount equivalent to the".

Category 3

No changes falling into this category have been identified.

Assumption

Arrangements will be put in place through the Offtake Code to ensure that, in the event that the DNO has to pay under either the non-compliant gas or failure to supply provisions in Section J or GOSS, the appropriate transporter will fund the liability.

Version 1.0

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K Operating Margins

Description

Section K largely relates to the NTS and defines; the provisions in respect of Operating Margins; and, Transco's role as a Storage and System User for the purpose of Operating Margins.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

L Maintenance and Operational Planning

Description

This section largely relates to the NTS and defines the NTS maintenance programme including planned maintenance period and timing, and, defines the responsibility of the Users to provide Transco with information to facilitate the creation of such maintenance programme.

Category 1

The authorship, production and publication of the Maintenance Programme would be a Transco NTS activity, although the effects of the programme may realised on all tiers of the system.

Consequently, it is proposed that, in the main, references to Transco would require a Category 1(2) change although in paragraphs 4.2 and 4.3, a Category 1(3) change would be required.

Category 2

Paragraph 3.4 would need to be amended to allow Network Operators to share information to enable to the Maintenance Programme to be produced.

Category 3

No changes falling into this category have been identified.

Version 1.0

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M Supply Meter Points

Description

Section M contains provisions for the metering of the offtake of gas from the System at Supply Meter Points and describes how such quantities are determined.

Category 1

Meters are attached to exit points at all tiers of the system. Therefore, reference to Transco, in the main, would require a Category 1(3) change. However there are some provisions, namely those associated with performance levels: 2.72 to 2.78, 3.8.10 and 5.2.1 to 5.2.2 that would require a Category 1(4) change.

1.5 would also require a Category 1(4) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Assumption

Metering separation will have occurred prior to UNC go live. The current time-line states that separation will occur during the UNC development process, but before hive-down. (Therefore, the development process needs to accommodate significant change to Sections E, G, H and M at the time the RGMA modification proposals are implemented.)

Separation should not, however, affect the proposed treatment of these sections since the ownership of the Transco assets at the point of hive-down will not change, as presently they are not part of the sale.

Version 1.0

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N Shrinkage

Description

Section N describes the role of the Shrinkage Provider and the provisions for the determination of Shrinkage factors and quantities for the LDZs and the NTS.

Category 1

- 1.1.1 Replace Transco using a Category 1(4) change.
- 1.3 Replace Transco using a Category 1(3) change.
- 1.4 Replace Transco using a Category 1(3) change.
- 1.6 Replace Transco using a Category 1(2) change.
- 2 Replace Transco using a Category 1(2) change.
- 3 Replace Transco using a Category 1(3) change.

Category 2

- 4.1.2 At the moment Transco is the Shrinkage Provider but under the UNC it is proposed that each DNO would have an obligation to fulfil a shrinkage provider role on its network. Accordingly, the UNC would be amended to recognise each DNO as a Shrinkage Provider.
- 4.2 As a Shrinkage Provider, each DNO would become a User in order to fulfil its obligation and exercise its rights under 4.2.

Category 3

No changes falling into this category have been identified.

Assumption

An assumption has been made that the DNO, (as a Shrinkage Provider) would not be expected to pay NTS transportation charges. Currently, the LDZ operator does not pay NTS transportation charges and it is not proposed that this arrangement should be amended by as a result of part of the system changing ownership.

Version 1.0

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O System Planning

Description

Section O makes provision for the Base Plan Assumptions and the 10 Year Statement.

Category 1

(Transco) NTS would have the licence obligation to produce the documents described in this Section. Clearly there is a requirement for all network operators, (as there is for shippers), to participate in the process and contribute to their production but that requirement would be captured in the Offtake Agreement. Therefore, references to Transco would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Assumption

Base Plan Assumption would be authored and published by Transco (NTS).
Assume Ten Year Statement obligation rests in Transco (NTS) Licence.

Issue

Ten Year Statement – see Section A (depends on where this ends up in licence).

P Top-up Sites

Description

Section P defines how the “Top-up-Manager” (Transco (NTS)) will take steps to supplement the amounts of Storage Capacity and gas-in-storage held by Storage Users, and the quantities of gas withdrawn from Storage Facilities.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section to Transco would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Version 1.0

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Q Emergencies

Description

This section provides for the requirements to be complied with by Users in respect of Gas Supply Emergencies to enable Transco to discharge its duties in respect of Gas Supply Emergencies, and, the consequences for Transco and Users during a Gas Supply Emergency with respect to the code.

Category 1

Emergencies may occur on any tier of the network and consequently, the majority of references to Transco would apply to all transporters and hence require a Category 1(3) change although in certain circumstances references to Transco mean Transco NTS solely. Transco will retain the role of NEC and, as stated in the Code, references to Transco do not include Transco plc in its role as NEC.

Exceptions to the Category 1(3) rule:

- 1.1.1(d) Modify to say, "reference to [Transco **NTS**] does not include Transco in its role as NEC".
- 1.1.2 Replace Transco using a Category 1(4) change.
- 1.2.2 Replace Transco using a Category 1(4) change.
- 1.3.1 Replace Transco using a Category 1(4) change.
- 2 Replace Transco using a Category 1(4) change.
- 3.5 & 3.6 Replace Transco using a Category 1(2) change.
- 4. In the majority of cases, replace Transco using a Category 1(2) change although 4.1.1(viii) relates to the relevant transporter.

Category 2

4.4 Further Consequences

This paragraph will be extended to cover instances where a DNO is required, by way of commitments made in any "mutual aid" agreement to support another transporters' Safety Case, to divert resources away from activities required to deliver its UNC obligations.

Category 3

No changes falling into this category have been identified.

Assumption

The requirement to maintain a Priority Consumer list would exist in all transporter licences.

Emergency Procedures will be the obligation of the NTS but the Offtake Code would contain an obligation on the DNO to contribute to their production.

Version 1.0

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R Storage

Description

Section R sets out provisions as to the terms on which Users may offtake gas from the System for injection to Storage Facilities, and deliver gas withdrawn from Storage Facilities to the System.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Assumption:

All Storage referred to in this Section is connected to the NTS.

S Invoicing and Payment

Description

Section S sets out provisions in terms of the Invoicing and Payment of amounts payable by Users to Transco and, by Transco to Users.

Category 1

The obligations in this section relate to transporters on all tiers of the system and, consequently, references in this section would require a Category 1(3) change.

Category 2

Since invoices would be submitted at legal entity level, it would be necessary to amend Annex S-1 to ensure the charge items are aligned with invoices and transporter entities. Particularly, Invoice 4 (Commodity) and Invoice 6 (Reconciliation), contain a list charge items that in some cases are DNO income and in some cases are NTS income.

Category 3

No changes falling into this category have been identified.

Version 1.0

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T Dispute Resolution

Description

Section T provides for the resolution of disputes between Transco and Users.

Category 1

Each of transporters would be able to invoke the disputes procedure either singly or jointly in the same way that shippers can use the procedure, either singly or as a group. The obligations in this section relate to all transporters and, consequently, references in this section would require a Category 1(3) change.

Category 2

Modify paragraph 1.6 by replacing Transco with a Category 1(4) change and change "designate" to "appoint".

Category 3

No changes falling into this category have been identified.

U UK Link

Description

Section U makes describes the roles and responsibilities of Transco and Users with respect to the operation of the UK Link system.

Category 1

The UK-Link manual will establish which components of the current system are owned and operated by each transporter / transporter group. On this basis the obligations associated with operation of the relevant components will be attributed to the relevant transporter groups, i.e. NTS or the DNOs, (as a group).

Hence, in general, references to Transco would be changed to refer to both Transco NTS and the DNOs jointly.

Category 2

Modify paragraph 1.1.1 to allow the transporters to "procure" as well as "secure".

Category 3

No changes falling into this category have been identified.

Assumption:

Under the current operating architecture is anticipated that each DNO would "own" a share of Agency, and therefore the transporters would have joint responsibility for the operation of certain parts (principally Sites & Meters and billing) of the UK Link System. The remaining elements, (principally AT-Link / Gemini), would be owned and operated by Transco NTS. Therefore, the UK Link system, (and the obligations associated with ownership) will be attributed to Transco NTS for the components of the system it owns and the remaining components will be the joint responsibility of the DNOs.

Issue

UK Link Committee – See comment on Section V10.

Version 1.0

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V General

Description

Section V covers a number of varied provisions required to support other sections of the Code, these are:

- User Admission Requirements
- Code Credit Limits and Security
- Discontinuance and Termination
- Information and Confidentiality
- User Agents and Transco as a User
- Liabilities
- Force Majeure
- Network Code Committee and Sub Committees
- Notices and Communications
- Neutrality Auditor
- Compensation

Category 1

- 1.1 Definition of "Code" needs to change from Network Code to Uniform NC.
- 1.3 Requires a Category 1(3) change.
- 1.4(i) Requires a Category 1(5) change.
- 1.4(ii) Requires a Category 1(3) change.
- 1.6 Such contracts would be between Transco plc and shippers; Category 1(1) applies.
- 2 Generally, would require a Category 1(3) change although paragraph 2.3 to 2.5 would require a Category 1(2) change.
- 3 Requires a Category 1(3) change.
- 4 Requires a Category 1(3) change.
- 5 These obligations would apply to all Transporters – Category 1(3) change.
- 6 Requires a Category 1(3) change.
- 7 Requires a Category 1(2) change.
- 8 Requires a Category 1(3) change.
- 11 Requires a Category 1(3) change.
- 12. 1 to 12.4
These activities would be undertaken by NTS and would require a Category 1(2) change. The remaining provisions (12.5 to 12.7) would require a Category 1(4) change.
- 13 Compensation caps and the appointment of an auditor would be the joint responsibility of all transporters: Use Category 1(4) change.

Category 2

- 1.2 **Framework Agreement**
This paragraph establishes the link between the Framework Agreement and the Code, and as such, would not be required in the UNC. It would, however, need to be present in individual DN network Codes not in UNC.
- 4 **Termination**
Amend to provide concept of "DN only" termination stage in the process so that a shipper is not terminated from the UNC in the event that the default can be restricted to a limited number DNs. In the event that one of the Networks was the NTS, the termination would be as currently described in the Code.
- 5.2 **User Obligations**
This paragraph needs to be amended to place an obligation on a DNO to ensure that it does not disclose any Protected Information to either a shipper, supplier or iPGT affiliate
- 6 **User Agents**
This paragraph needs to be modified to give transporters the right to appoint agents for the sending and receiving of UK Link Communications.

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10 Network Code Committee and sub-committees

The composition of UNC sub-committees would be amended to ensure the DNO are appropriately represented and will be discussed further during the development of new UNC governance arrangements.

Category 3

3 Code Credit Limits

“Code Credit Limits”, “Code Credit Rules” and “Relevant Code Indebtedness” would cease to be relevant.

Under the UNC, each transporter would be required to manage the credit arrangements of the shippers relevant to its system. These terms would need to be amended to reflect that it is the transporter’s credit terms, **not the code’s credit terms**, which would be relevant in a multi-transporter environment. It is proposed that new terms are defined in the UNC to ensure a single governance process covers the rules for the credit arrangements.

3.2.1 A new definition for “**Transporter Credit Rules**” would be required since each DN would be required to provide Credit rules.

3.2.2 A new definition for “**Transporter Credit Limit**” and “**Relevant Transporter Indebtedness**” would be required to reflect that terms are pertinent to the DN, not the UNC.

3.3. Requirements as to relevant Code Indebtedness

Currently, the sanctions relate to both entry capacity, supply point capacity and supply point confirmations, therefore the provision need to be amended to say that the sanctions that can be applied by a transporter is limited to the sanctions that are relevant to the network(s) on which it operates.

4 Termination

Termination, as specified in the Code, shall continue to apply when all Transporters have served notice or where Transco (in its role as either the Transmission System Operator or as energy balancing neutrality administrator) has served notice. Each iDN would be able to terminate a User from its network. This in itself would not trigger a UNC termination but would be a sufficient trigger to allow other Transporters to serve similar notice. Accordingly, a new provision in 4.3.1(g), would be required.

Assumptions

Transco (NTS and the retained DNs) will continue to be a single entity for credit purposes.

Each DNO will want to manage its own, credit facilities, indebtedness monitoring, cash collection, application of sanctions and ability to terminate.

Should Transco trigger a termination, for either transportation or energy reasons, the shipper would be terminated from the UNC.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

W Interpretation

Description

Section W contains the definition of generic terms, additional to those defined elsewhere in the Code.

This section also gives explanatory statements as to how both generic and technical terms should be interpreted.

Category 1

In paragraph 1 there are several definitions would need to change:

“**Code Communication**”; Transco would require a Category 1(3) change.

“**Code Modification**”; Transco would require a Category 1(3) change.

“**Competent Authority**”; Transco would require a Category 1(3) change.

“**Metering Charges Statement**”; Transco would require a Category 1(5) change, since transporters will become responsible for new assets (and will want to charge for them) as and when it installs them and, transitionally, metering revenue associated with sub-deduct metering arrangements and “unique” sites. Also, at present, the revenue associated with DM read equipment would be recovered through this Statement.

“**Meter Reading Charges Statement**”; Transco would require a Category 1(5) change since each DNOs would require a Statement to recover DM read revenue and the meter reading revenue associated with sub-deduct metering arrangements.

“**System Management Principles**”; Transco would require a Category 1(2) change.

“**Transportation Statement**”; Transco would require a Category 1(5) change.

“**User**”; Transco would require a Category 1(4) change.

Paragraphs 2.2, 2.4, 2.5, 2.6, 2.8, 2.9 and 3; Transco would require a Category 1(3) change.

Paragraphs 2.3 and 2.7; Transco would require a Category 1(2) change.

Category 2

In paragraph 1 there are several definitions would need to change:

“**Date of the Code**” would become [date] of UNC.

“**Public Gas Transporter’s Licence**” would require the defined term to Gas Transporters’ Licence to be amended.

“**Special Condition**” requires “Public Gas Transporter’s Licence” to be replace with “Gas Transporters’ Licence”. To the extent that all the Special conditions referred to in the Code are in Transco’s Licence, it may be possible to address this in the definition.

Category 3

No changes falling into this category have been identified.

Assumptions

Metering assets **will not** form part of the DN sale.

DNO will have an ongoing licence obligation to fit meters.

Data-logging assets **will** form part of DN sale.

DNO will have an ongoing UNC obligation to maintain existing and fit data-loggers where required for DM purposes.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

X Network Code Supplement (Energy Balancing Credit Management)

Description

Section X describes the Energy Balancing Credit Management rules, more specifically: Security, Energy Balancing Indebtedness and Cash Call Principles; Payment of Energy Balancing Invoices, and the Appointment of a Receiver.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section would require a Category 1(2) change.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Assumption

Although the obligations relating to Energy Balancing Credit Management will fall on Transco NTS, it will be discharged through Agency.

Z Transco LNG Storage Facilities

Description

This section sets out the provisions for Users to utilise Transco LNG Storage Facilities, by injecting gas into such facility, by having gas-in-storage within such facility and by withdrawing gas from such facility. Section Z also defines; LNG Credit Agreement terms; Invoicing, Payment and Termination rules.

Category 1

The obligations in this section relate to the NTS and, consequently, references in this section to Transco would require a Category 1(2) change. References to "Transco LNG Storage Facility" would remain unchanged.

Category 2

No changes falling into this category have been identified.

Category 3

No changes falling into this category have been identified.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

Transition Document

(Much of this work is being undertaken now as part of the Version 3 rationalisation – leave in to explain structure of “new” Transition Document)

Section I General

Description

Establishes the scope and purpose of the Transition Document (“TD”)

Proposal

Retain the section but delete existing text and replace with contemporary wording to re-establish the scope of the UNC TD.

Section II Interim Terms

Description

This is the most used section of the TD and contains rules that add to, or amend, the Principle Document on a time limited basis.

The majority of the provisions have time-expired but there are still some rules that apply.

Proposal

Delete the rules that have time-expired but retain “live” provisions.

Section III Transitional Arrangements

Description

This Section sets out the basis on which the Network Code came into force and how the provisions would apply on the day the Code came into force.

Proposal

Retain the section but delete existing text and establish the concept that a value applying at the time network code expires would continue to apply when the UNC is introduced.

Examples of this principle include:

A System Classification

None

B System Use and Capacity

- System Entry Capacity holdings acquired either by auction or trading under the Network Code will continue to be held under the UNC
- Overruns and Ratchets incurred under the Network Code will be charged and be due for payment in accordance with the UNC.
- Any bid made to acquire capacity by the rules in the Network Code will be valid under the UNC
- Any Capacity Management Agreements agreed under the Network Code will continue to operate under the UNC
- Capacity Neutrality Arrangements: where revenues or costs are incurred under the Network Code such amounts will continue to be due under the UNC

C Nominations

- Any Input Nomination, Output Nomination, Renomination or Trade nomination made under the Network Code will be valid under the UNC.

D Operational Balancing and Trading Arrangements

- Any charges payable to Transco by users or by Transco to Users with respect to Eligible Balancing Actions taken in accordance with the Network Code will be due under the UNC.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

E Daily Quantities, Imbalance and Reconciliation

- Any UDQI or UDQO value determined under the Network Code will continue to apply under the UNC.
- Any reconciliation process currently in place under the Network Code would continue to apply under the UNC and the period of reconciliation would not be limited by the [cut-over date].

F System Clearing and Neutrality

- Any amounts due to Transco or payable by Transco under Network Code will still be due / payable under the UNC.

G Supply Points

- Any Supply point offer made in accordance with the Network Code will be valid under the UNC.
- Any supply point nomination or confirmation submitted under the Network Code will be process in accordance with the UNC after the cut-over date.
- A users portfolios held under Network Code will be its portfolio held under the UNC
- Sub-deduct Arrangements applying under the Network Code will continue to apply under the UNC.
- Supply Point Offers made under Network Code will remain valid under UNC.
- Where an obligation is place to pass information in respect of a Withdrawal Closing Meter Reads, the obligation to pass the information will continue to apply under the UNC.
- Supply Point definitions will continue to a apply:
 - An interruptible supply will be an interruptible supply point under the UNC,
 - An firm supply will be a firm supply point under the UNC,
 - A TNI supply Point will a TNI supply point under the UNC,
 - An SDMC will be a SDMC under the UNC.
- All supply point data attributes derived under the Network Code will continue to apply under the UNC, in particular, AQ, SOQ, SHQ, EUC amongst others.
- Any IFA agreed under the Network Code will continue to be valid under the UNC.
- A Notification of interruption issued pursuant to the Network Code will be valid under UNC.
- Days of Interruption invoked under the Network Code will counted against the days of interruption allowance stated in the Code.

H Demand Estimation and Demand Forecasting

- Demand Models in effect under Network Code will be effective under the UNC.

I Entry Requirements

- Any Network Entry agreement in force under Network Code will be valid under UNC.

J Exit Requirements

- Any Network Exit agreement in force under Network Code will be valid under UNC
- Any payment due under Network Code in respect of non-compliant gas or failure to supply will still be payable under UNC
-

K Operating Margins

- Nominations and Trade Nominations made by Transco as a system user under Network Code will apply under UNC
- Any balancing charges incurred by Transco under Network Code are still payable under UNC

L Maintenance

- Any maintenance planned under Network Code will be treated as being planned under UNC.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

M Supply Point Metering

- The meter-reading period used to calculate the gas offtaken a meter point will be defined using a start reading taken under the Network Code and a finish reading taken under the UNC.
- Where the User is obliged under the Network Code to supply meter readings, time periods commenced under the Network Code will not recommence on day 1 of the UNC.
- Any action taken by Transco with respect to a failure to obtain meter readings will continue under the UNC.
- A meter reading taken in accordance with the Network Code will be used for meter reading purposes under the UNC.

N Shrinkage

- Shrinkage factors determined under the Network Code will be applied to the UNC
- Annual processes associated with the derivation of the LDZ shrinkage factor initiated under the Network Code will be completed in accordance with the UNC

O System Planning

None

P Top-Up Storage

- Any transaction made in relation to Top-up, or where the Top-up manager is entitled to recover costs in respect of top up under the Network Code, such transactions or costs will be valid under UNC

Q Emergencies

- A Supply Point classified as a Priority Consumer under the Network Code will be a Priority Consumer under the UNC

R Storage

- [To be confirmed]

S Invoicing and Payment

- All amounts either payable by shippers to Transco or by Transco to shippers under the Network Code will continue to be due under UNC, and, is payable to the legal entity from which the invoice was issued on the due date originally advised under the Network Code.
- Any withhold initiated under the Network Code, and still in effect under the UNC, on resolution, should any amount be payable it will be payable to or by the transporter that originally issued the invoice.
- The first reconciliation invoice issued post [cut-over] will be payable to or by Transco

T Dispute Resolution

- Any Dispute is resolved under the Network Code, the resolution will continue to apply under the UNC will continue to apply.

U UK Link

- An external User recognised under the Network Code will continue to enjoy this status under the UNC.
- Any planned downtime, an advise notice issued under the Network Code will continue apply under the UNC.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

V General

- Discontinuance: a notice issue by a user to discontinue from the Network Code will be deemed to have issued a notice to discontinue from the UNC.
- User in Default: a User in default under the Network Code will be deemed to be in default of the UNC.
- Agents: an agent appointed by a user under the Network Code will continue as though appointed under the UNC.
- Compensation: payments due under the Network Code will due under the UNC.

W Interpretation

None

X Network Code Supplement: Energy Balancing Credit Management

- Credit arrangements in place under the Network Code will continue under the UNC.
- A cash-call or failure to pay notice issued under the Network Code will continue to apply under the UNC

Z Transco LNG Storage Facilities

- [To be confirmed]

Note:

This section was of greater significance when shippers moved to the Network Code from the BGD style contracts since the values described were new to the network code and, consequently, the setting of initial values required greater definition than a move from the network code to the UNC.

Section IV Run-Off Arrangements

Description

This section dealt with the treatment of energy imbalances that existed on the day the network code went live. This was of particular significance since, under the old style contracts, energy was cashed out on a monthly basis rather than on a daily basis, as required by the code. It is not anticipated that special provisions of this type would be needed to move from the Network Code to the UNC.

Proposal

Delete.

Section V Meter Reading Terms

Description

These rules provided an interim step in the outsourcing of Transco's meter reading activities. It is time limited and expired a number of years ago.

Proposal

Delete.

Section VI Domestic Competition Interim Database

Description

This section provides some time-limited rules associated with the introduction of Domestic Competition in 1997/8.

Proposal

Delete.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

Section VII Flexibility Bidding

Description

This section contains the contingency arrangements that would apply in the event that the Gas Trading System was unavailable.

Proposal

Retain the section, but since it relates to activities on the NTS solely, it is proposed that a Category 1(2) change is required.

Version 1.0

Key: Cat 1(2) = NTS; Cat 1(3) = Relevant Transporter; Cat 1(4) = Jointly; Cat 1(5) = Each Transporter

Hive-down to Sale: Transitional Rules