

DISG 16 – Draft Letter to Industry to initiate UNC Development Process

Dear Interested Party

Initiation of the Uniform Network Code Workgroup

As you will be aware, NGT is currently engaged in a programme work to develop its gas distribution business to the point where it is able to sell one or more distribution networks.

In order to facilitate a sale, the existing regulatory and contractual framework needs to be modified to ensure that there is continuous provision of transportation services, (as defined in the Network Code), across any parts of the network sold and the retained business.

The proposed legal architecture provides for a single set of business rules, or Code, that binds all transporters into providing uniform gas transportation services to shippers. This document would be known as the **Uniform Network Code ("UNC")**.

Structurally, the UNC would be substantively the same as the existing Network Code, only being changed where it is necessary to modify the provisions to integrate new transporters into the arrangements, accommodate change to the modification rules in-line with the new governance proposals and introduce reforms to the exit/interruption regime. It is proposed that the more significant issues, (credit, termination, interruption and the modification rules), would be discussed at DISG prior to more detailed work being undertaken in a development forum.

It is Transco's initial view that all sections of the Network Code would need to be changed to create the UNC, (although some of the changes, particularly those relating to NTS only activities would simply require the replacement of "Transco" with the a defined term for the operator and provider of services on the NTS). Transco is aware that its analysis work done to date needs to be shared with shippers, and other interested parties, to ensure common understanding and to allow each company to assess the consequences of the change. To this end, Transco would like to advise all parties that it proposes to convene a UNC development forum shortly. For those of you familiar with the Network Code modification process, the format of the forum would be similar to a Network Code Modification Workstream.

In terms of process, it is proposed that the UNC Workgroup would have the remit to resolve the majority of issues arising, although it is accepted that for the more significant subject areas mention above, DISG would be the initial discussion forum.

Attached for reference is a table showing Sections of the Code that have been identified to date as requiring revision to create a UNC, along with a provisional timetable to allow a complete review of all Network Code Sections to be undertaken.

It is also accepted that the development forum will report its progress periodically to DISG.

It is essential that these sessions are participative, as they will provide the output that Transco will take forward into the UNC drafting phase.

10:00am, [8th September] 2004

NGT Offices, 23 Buckingham Gate, London

Agenda

- | | |
|-------|---|
| 09:30 | Coffee |
| 10:00 | Overview, Programme Launch |
| 10:30 | Legal Architecture |
| 10:50 | Confirmation of Terms of Reference and Approach |
| 11:10 | Process |
| 11:30 | Overview of work area |
| 12:30 | Lunch |
| 13:30 | Category 1 Changes |
| | Section G & M |
| 16:00 | Next Steps |
| 16.15 | Close |