

APPLICATION FOR CONSENT TO MODIFY THE CODE

"Revision to the reference in TPD Section X4.1"

Version 1.0

Reference: C026

Transporter Proposal

The Joint Office of Gas Transporters would like to request that the Authority grant permission to amend the legal text as contained within the Uniform Network Code.

As a result of ongoing work within the Joint Office of Gas Transporters and xoserve, an incorrect reference has been identified within UNC TPD Section X, paragraph 4.1. Currently this incorrectly refers to UNC TPD Section V paragraph 4.3.3(b) which was renumbered at the inception of the UNC and should therefore be amended to read as UNC TPD Section V paragraph 4.3.4. As a consequence, the following changes to the UNC are proposed.

Nature of Modification

TPD Section X.

The following paragraph should be amended as follows:

“4. APPOINTMENT OF RECEIVER

4.1 **Subject to paragraph 4.2, where Section V~~4.3.3(b)~~ 4.3.4 applies, National Grid NTS shall, as soon.....in the Termination Notice.”**

Transporter Application

This application contains the Transporters' proposal to modify the Uniform Network Code for which they now seek the consent of the Authority

Signed for and on behalf of Transporter.

Signature:

Tim Davis
Chief Executive Joint Office of Gas Transporters

Date:

Gas and Electricity Markets Authority Response:

In accordance with Standard Special Condition A11 'Network Code and the Uniform Network Code' of the Gas Transporters Licence, I hereby consent to the above modification to the Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:



Date:

03 Feb 09

respect of the Recovery Amount;

- (b) in the case of transportation exclusive Recovered Amounts, as to the whole of such balance, in or towards satisfaction of any Transportation Debt;
- (c) in the case of shared Recovery Amounts, as to the energy balancing proportion thereof (but not exceeding the amount of unpaid Energy Balancing Debt), as an additional Monthly Neutrality Adjustment Revenue (by way of application towards the relevant Energy Balancing Debt) in accordance with Section F4 in the month in which National Grid NTS receives payment in respect of the Recovery Amount, and as to the transportation proportion thereof, in or towards satisfaction of any Transportation Debt.

3.4.6 Where the amount of National Grid NTS's Recovery Costs exceeds the amount (if any) of the associated Recovery Amounts:

- (a) in the case of energy balancing exclusive Recovery Costs, the whole of the excess will be an additional Monthly Neutrality Adjustment Cost in accordance with Section F4 in the month in which National Grid NTS pays such amount;
- (b) in the case of shared Recovery Costs, the energy balancing proportion of the excess will be an additional Monthly Neutrality Adjustment Cost in accordance with Section F4 in the month in which National Grid NTS pays such amount.

4 APPOINTMENT OF RECEIVER

- 4.1 Subject to paragraph 4.2, where Section V4.3.3(b) applies, National Grid NTS shall, as soon as reasonably practicable, give Termination Notice (for the purposes of Section V4.3.3) to the User to the effect that the User shall cease to be a User with effect from the Day following the date set out in the Termination Notice.
- 4.2 Before National Grid NTS shall take the action envisaged by paragraph 4.1, National Grid NTS shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable following the failure of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) to provide those assurances referred to in Section V4.3.5(b) and shall consult with the Energy Balancing Credit Committee to determine whether National Grid NTS should be obliged to issue the Termination Notice, pursuant to paragraph 4.1, or whether National Grid NTS should defer taking such step.
- 4.3 Subject to paragraph 1.3, National Grid NTS shall be entitled to take such action as the Energy Balancing Credit Committee recommends pursuant to the meeting referred to in paragraph 4.2.1 as soon as reasonably practicable.

the Defaulting User with recourse to all appropriate measures and procedures.

4.3.3 Upon the occurrence of a User Default, and at any time after such occurrence at which the User Default is continuing the Transporter may give notice ("**Termination Notice**") to the Defaulting User to the effect that the User shall cease to be a User of or in relation to its System(s) with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.

4.3.4 Without prejudice to the Transporter's right to give a Termination Notice, as set out in paragraph 4.3.3, where the condition in paragraph 4.3.5 is satisfied, Section X4 shall apply.

4.3.5 The condition referred to in paragraph 4.3.4 is that:

- (a) a User Default occurs by reason of the circumstances set out in any one or more of paragraphs 4.3.1(e)(ii), (iii), (vi) or (vii) to the extent that a person, analogous or equivalent to those persons appointed pursuant to paragraphs 4.3.1(e)(ii), (iii) or (vi) is appointed in a jurisdiction outside England and Wales ("**foreign insolvency practitioner**") in respect of the User; and
- (b) the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) fails to provide adequate assurances to National Grid NTS in compliance with the principles established in Section X and the Energy Balancing Credit Rules (such assurances not to exceed a legal and binding commitment by the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate), to pay to National Grid NTS all Energy Balancing Debt accruing from (and including) the date of appointment of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate)), as soon as reasonably practicable after being appointed (but for the avoidance of doubt not within two Business Days of its appointment).

4.3.6 Where the Transporter gives Termination Notice to a Defaulting User, with effect from the date specified in the notice, the User will cease to be a User of its System(s) and paragraph 4.1.2 shall apply.

4.3.7 Subject to paragraph 6.5.6 of the Modification Rules, the giving of a Termination Notice and the application of paragraph 4.3.6 shall not affect the rights and obligations of the Transporter and the Defaulting User under the Code, the Framework Agreement and any Ancillary Agreement (including rights and obligations in respect of the User Default, and in respect of amounts including interest payable by either Party, and rights and obligations arising pursuant to any provision of the Code in respect of the User's ceasing to be a User) accrued up to the date referred to in paragraph 4.3.6, which shall continue to be enforceable notwithstanding that paragraph.

4.3.8 Where the Transporter has given a Termination Notice it shall be entitled to inform such persons as it thinks fit (including another Transporter) that it has done so, including the supplier and consumer in relation to any Supply Point of which the Defaulting User was Registered User, the Connected System Operator or Delivery Facility Operator in relation to any Connected System Exit Point or System Entry Point comprised in an Aggregate System Entry Point at which the Defaulting User held System Capacity, and any person from whom the Transporter believes the Defaulting User to have purchased gas for delivery to the Total System.

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- (b) Without prejudice to Transco's right to give a Termination Notice, as set out in paragraph V4.3.3(a), where the condition in paragraph 4.3.3(c) is satisfied, paragraph 4 of the Supplement shall apply.
- (c) The condition referred to in paragraph V4.3.3(b) is that:
- (i) a User Default occurs by reason of the circumstances set out in any one or more of paragraphs 4.3.1(e)(ii), (iii) or (vi), or 4.3.1(e)(vii) to the extent that a person, analagous or equivalent to those persons appointed pursuant to paragraphs V4.3.1(e)(ii), (iii) or (vi) is appointed in a jurisdiction outside England and Wales ("foreign insolvency practitioner") in respect of the User; and
 - (ii) the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) fails to provide adequate assurances to Transco in compliance with the principles established in the Energy Balancing Credit Management Supplement and Energy Balancing Credit Rules (such assurances not to exceed a legal and binding commitment by the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate), to pay to Transco all Energy Balancing Debt accruing from (and including) the date of appointment of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate)), as soon as reasonably practicable after being appointed (but for the avoidance of doubt not within two Business Days of its appointment).
- 4.3.4 Where Transco gives Termination Notice to a Defaulting User, with effect from the date specified in the notice, the User will cease to be a User and paragraph 4.1.2 shall apply.
- 4.3.5 The giving of a Termination Notice and the application of paragraph 4.3.4 shall not affect the rights and obligations of Transco and the Defaulting User under the Code, the Framework Agreement and any Ancillary Agreement (including rights and obligations in respect of the User Default, and in respect of amounts including interest payable by either Party, and rights and obligations arising pursuant to any provision of the Code in respect of the User's ceasing to be a User) accrued up to the date referred to in paragraph 4.3.4, which shall continue to be enforceable notwithstanding that paragraph.
- 4.3.6 Where Transco has given a Termination Notice it shall be entitled to inform such persons as it thinks fit that it has done so, including the supplier and consumer in relation to any Supply Point of which the Defaulting User was Registered User, the Connected System Operator or Delivery Facility Operator in relation to any Connected System Exit Point or System Entry Point comprised in an Aggregate System Entry Point at which the Defaulting User held System Capacity, and any person from whom Transco believes the Defaulting User to have purchased gas for delivery to the System.
- 4.3.7 For the purposes of paragraph 4.3.1(c)(i) and (d)(i) the following breaches are excluded:
- (a) a breach which results from a breach by Transco of the Code or an Ancillary Agreement;
 - (b) a failure to Interrupt (as described in Section G6.9);
 - (c) the delivery or tendered delivery by the User of non-compliant gas (as described in Section I3.5);