

CODE MODIFICATION PROPOSAL No. xxxx (5)

"Right of set off under Uniform Network Code"

Version 0.3

DRAFT

Date: xx/xx/2005

Proposed Implementation Date: 01/10/2005

Urgency: Non-Urgent to consultation

Proposer's preferred route through modification procedures and justification for Urgency (if applicable)

This Modification Proposal has been developed within the Uniform Network Code Distribution Workstream. General consensus on its objectives was forthcoming. 'Proceed to consultation' is therefore requested.

Nature and Purpose of Proposal

This proposal is one of five which seek to implement recommendations identified within Ofgem's conclusion document "**Best Practice Guidelines for Gas and Electricity Network Operator Credit Cover**" 58/05. This concluded the high-level principles that should be applied and further work required in respect of credit cover arrangements for transportation arrangements.

Under the UNC, Users may be issued with either credit or debit invoices, payable by the Transporter or the User within terms specified in the UNC.

Historical evidence demonstrates that the net position is usually that a User owes the Transporter more than the Transporter owes to the User.

It would be beneficial to Transporters and Users in terms of administration burden if a Transporter had the ability to offset amounts it was due to pay to the User against any invoice value that the User is due to pay the Transporter.

Currently UNC Section S3.3 does not permit offsets and therefore Transco proposes that the UNC be modified to permit the off set of User credit amounts against User debit amounts as recommended within Ofgem's Consultation.

Basis upon which the Proposer considers that implementation of the Modification proposal would better facilitate the achievement of the Relevant Objectives

Transco believes that the measures identified within this Modification Proposal further the GT Licence 'code relevant objective' of facilitating the efficient and economic

operation by the licensee of its pipe-line system by ensuring that robust procedures and best practice measures are in place to minimise the impact on the industry of User failure.
Further information - likely impact on systems, processes or procedures, implementation timescales and suggested text

Changes would be required in respect of operational processes and procedures. A lead-time of one month will be required for implementation of the Modification if so directed.

Code Concerned, sections and paragraphs

Uniform Network Code Sections S3.1, S3.5 & S 3.6.

Proposer's Representative

Chris Warner

Proposer

Declan McLaughlin

Signature

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