

**Draft Modification Report**  
**Preparation of Legal Text for Users Modification Proposals**  
**Modification Reference Number 0048**  
Version 2.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 9.6.

**1. The Modification Proposal**

The Proposal was as follows:

"As currently drafted, the Uniform Network Code - Modification Rules specify that legal text will be prepared and issued with the Draft Modification report in the case of Transporters proposals (9.8.1(b)). However, in the case of a non Transporter proposal this is only required at the point of the Final Modification Report, where implementation is recommended by the Modification Panel (9.8.1 (a) (i)), or where requested by the Authority (9.8.1 (a) (ii)).

Although it is asserted that the Business Rules or principles of a Modification are those which are consulted upon, the proposed legal text represents the actual amendment of the common contract. This is considered to be an essential part of the consultation process in many cases. It facilitates a more thorough understanding of any proposal if the proposed Legal Text is available for review. Therefore it is considered more helpful if the Legal Text were available for all Modification Proposals at the point at which they were consulted upon.

However, recognising that there is a cost incurred in preparing Legal Text, which may be significant, it is not proposed that Legal Text be prepared for all Modification Proposals. In most cases there will be clear advantages in enhancing the consultation process by provision of the Legal Text for consideration as an integral part of the consultation on a Modification Proposal.

This Modification Proposal would introduce the requirement for the Transporters to arrange for Legal Text to be issued with the Draft Modification report. However the Modification Panel may determine that text would not be prepared in certain circumstances where it considers the preparation of text would be uneconomic or inefficient. Such determination would be by simple majority of voting members present. This additional consideration would be afforded at the same time as the Modification Panel were referring the Proposal to consultation."

**2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

The Proposer believed that the "provision of Legal Text, except where considered uneconomic or inefficient by the Modification Panel, would facilitate more comprehensive consideration and understanding of a Modification Proposal. This would enhance the effectiveness and the efficiency of the Modification process."

The Proposer also believed that “by making the Legal Text available at an earlier stage, it would improve the efficiency of the Governance process and reduce delays in implementation.”

Respondents are invited to comment within their representations.

**3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

No such implications have been identified.

**4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including**

**a) implications for operation of the System:**

No such implications have been identified.

**b) development and capital cost and operating cost implications:**

The Proposer pointed out that in the event of implementation there would be costs incurred in preparing Legal Text, which may be significant and it is not therefore proposing that text be provided for all Modification Proposals.

**c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:**

No additional cost recovery is proposed. Respondents are invited to reflect on how costs should be recovered in the event that legal text were provided but subsequently the Modification Panel did not recommend approval and the Proposal was not implemented.

**d) analysis of the consequences (if any) this proposal would have on price regulation:**

No consequences relating to price regulation have been identified.

**5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**

It is not envisaged that the implementation of this Modification Proposal would increase the level of contractual risk of each Transporter under the Code.

**6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

No changes would be required to the UK Link System to facilitate implementation of this Modification Proposal.

**7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

The Proposer has indicated that implementation would provide a greater level of clarity on Modification Proposals and this would assist Users in their representations. Views are sought regarding the implications for Users of implementing this Modification Proposal.

**8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

The Proposer has indicated that implementation would provide a greater level of clarity on Modification Proposals and this would assist Non Code Parties in their representations.

**9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal**

A requirement for Transporters to arrange for the provision of legal text to be issued with the Draft Modification Report would have the effect of introducing an earlier obligation between Transporters and Users and Non Code Parties which would have corresponding contractual implications. Respondents are invited to comment on this in their representations.

**10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

**Advantages:**

- The Proposer stated: “Making the legal Text available at an earlier stage would improve the efficiency of the Governance process and reduce the potential for delays in implementation”
- Earlier sight of the indicative legal text would allow more time to review and would aid more complete understanding of the Proposal allowing assessment of its feasibility.

**Disadvantages:**

- There would be an increased potential to incur unnecessary costs that would be associated with the production of the legal text for Proposals that could ultimately be rejected.

Reveals the voting preference of Panel members at an early stage (Respondents are invited to comment on whether this is an advantage or a disadvantage).

As part of respondent’s representations views regarding perceived advantages and disadvantages are sought.

**11. Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Representations are now invited.

**12. The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation**

Implementation of this Modification Proposal is not required to facilitate such compliance.

- 13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence**

The Proposal is not required for any such proposed change.

- 14. Programme for works required as a consequence of implementing the Modification Proposal**

No programme for works would be required to facilitate implementation of this Modification Proposal.

- 15. Proposed implementation timetable (including timetable for any necessary information systems changes)**

No implementation timetable has been suggested and the SME assumes that should the Proposal be approved, it would be implemented immediately following approval.

- 16. Implications of implementing this Modification Proposal upon existing Code Standards of Service**

No such implications have been identified.

- 17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel**

## 19. Text

*Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report*

Subject Matter Expert sign off:

*I confirm that I have prepared this modification report in accordance with the Modification Rules.*

Signature:

Date :

Signed for and on behalf of Relevant Gas Transporters:

**Tim Davis**  
**Chief Executive, Joint Office of Gas Transporters**

Signature:

Date :