

Modification Report

Amendment to the provisions governing New Supply Point Registration

Modification Reference Number 0526

Version 2.0

This Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

It is proposed to modify the Network Code as follows:

- Amend the definition of Siteworks to exclude the establishment of a New Supply Meter Point. This will clarify that Siteworks for this purpose will no longer be undertaken by Transco in its role as Gas Transporter.
- Amend the trigger for the ‘election for start up gas’ so that in certain circumstances following Confirmation a User is able to off-take gas prior to the Supply Point Registration Date (SPRD). These circumstances for both Smaller and Larger Supply Meter Points are as follows:
 - If a Confirmation is submitted where there is no Supply Meter installed at the Meter Point and subsequently a Supply Meter is fitted prior to SPRD, the Network Code will provide for the User being the ‘deemed Registered User’ between meter fix date and SPRD.
 - If a User submits a Confirmation where a Supply Meter is already installed and requires off-take immediately the Network Code will provide that the User shall be the ‘deemed Registered User’ from the date that the Confirmation was submitted via UK-Link until SPRD for a maximum of 30 days for both Smaller and Larger NDM Supply Meter Points.
 - Upon registration Transco will notify the User of the meter fix read provided via the Connection & Disconnections route. Unless the User provides an alternative meter reading to Transco, via the U01 IX file, the meter fix read will be used for reconciliation purposes.
- Amend the Network Code to reflect that for Supply Meter Points (<732,000kWh) a MPRN will be entered into the Supply Point Register when Transco is notified of physical connection to Transco’s system.
- During the registration process the User will for all Supply Meter Points confirm or amend the initial AQ value provided to Transco under separate arrangements by the connections company. An amendment can be made via the current appeals mechanism at D-7 for Smaller Supply Points and for Larger Supply Points following the transportation offer and prior to the confirmation effective date.
- Supply Meter Points >732,000kWh will continue to be entered into the Supply Point

- Register in a planned status reflecting the greater complexity of arranging infrastructure requirements.
- Remove redundant and inoperative User liabilities in (G7.6) as these provisions rely upon the no longer operative 'shadow log' provisions.

2. Transco's Opinion

It has been acknowledged within the industry that with the introduction of metering liberalisation it is necessary to revise the New Supply Point Registration process and the references to such processes within the Network Code, as there is presently a presumption that Transco will undertake physical works.

New control mechanisms within the New Supply Point process are required as Transco GT will no longer be undertaking Siteworks to establish a new Supply Meter Point or to supply/fit meters. In Transco's opinion implementation of this Modification Proposal would put in place those controls necessary.

Further to discussions held in the UK Link Committee meeting in April and elsewhere in the industry it has been decided that system changes to support the revised New Supply Point Registration process should be deferred where possible. It is now Transco's view that the only system change required to support implementation of this Modification Proposal is the removal of validation of the Siteworks Reference Number for the Nomination process.

It is envisaged that this would have little or no impact on Users systems. In addition, (and to further minimise system changes) Transco now proposes to vary it's original Modification Proposal to the extent that it will now enter all New Supply Meter Points into the Supply Point Register at the earliest practicable stage i.e. when it has been notified of the specific Meter Point Reference Number for the Supply Meter Point. Transco will therefore continue to issue the present 'MSL' file in the normal way until the 'hard cutover' date in February 2003.

3. Extent to which the proposed modification would better facilitate the relevant objectives

Transco believes that implementation of this Modification Proposal would better facilitate competition between relevant shippers and relevant suppliers as, without implementation of this Modification Proposal the Network Code will not adequately reflect the introduction of metering liberalisation and the new MPRN creation Process.

4. The implications for Transco of implementing the Modification Proposal , including a) implications for the operation of the System:

No such implications have been identified.

b) development and capital cost and operating cost implications:

Transco would incur development costs associated with enhancing its UK Link system.

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

Transco does not believe it is appropriate to put in place any special cost recovery measures as a result of implementation of this Modification Proposal.

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

No such consequences have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Transco does not believe the level of its contractual risk will change as a result of implementation of this Modification Proposal.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

Transco would need to modify its UK-Link system. As only one minor system change is now required to support implementation of this Modification Proposal it is probable that Users would not need to enhance their computer systems.

7. The implications of implementing the Modification Proposal for Users

The Network Code would be consistent with the liberalisation of connection and meter fitting activities for New Supply Meter Points. Users will be able to source physical activities from entities other than Transco GT.

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

This Modification Proposal will create consistency with metering liberalisation and better facilitates the choice of infrastructure providers/connections companies in the creation of New Supply Meter Points and performance of connections work.

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

By making clear that Transco GT will no longer be involved in physical works this Proposal aligns the Network Code with the requirements of liberalised infrastructure provision, connection and meter installations for New Supply Meter Points.

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

Advantages:

- Supports the introduction of metering liberalisation
- Enables a more robust process for registration of New Smaller Supply Points

Disadvantages

None identified

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

Eight Representations have been received in respect of this Modification Proposal. Six are supportive, one offers qualified support and one is against implementation of this Proposal. One of the eight respondents wishes to remain anonymous and has asked for it's representation not to be circulated.

Scottish and Southern queries "...surely Transco won't be undertaking any kind of Siteworks as Transporter? Siteworks jobs are remove/install/exchange a meter, fix meter box, ppm Cot wipedown, etc., so I would have thought it becomes the sole responsibility of the Meter Operator/Asset Manager?..."

Transco wishes to clarify that Siteworks covers a broad range of physical activity and is not confined to meter work. Siteworks will continue to exist within the Network Code and will be discussed further with the SPA/Metering Workstream to ensure the continuing applicability of the provisions.

Mobil states that it disagrees "...with timing of implementation of 10th June 2002 as meter asset not unbundled until February 2003. Also, there is no governing group presently set up to oversee this proposal which may affect the current standard. NB Competition is already open to allow other service companies to complete siteworks. Network Code will need to be amended with unbundling as Transco GT will no longer complete siteworks and therefore will not be responsible of creation of MPR..."

Subject to agreement Transco is now proposing to implement this proposal during August 2002 and in any event believes that it is not related to meter asset unbundling but to the facilitation of competition. Transco agrees that it will no longer be responsible for the allocation of MPRN's to individual Supply Meter Points.

Scottish & Southern states "...The change talks about allowing gas to be offtaken after confirmation but before SPRD is reached – this happens now and I can't see what change they are proposing..."

Transco agrees that the Network Code currently permits offtake before SPRD is reached, the proposed change is only to the mechanism by which this can be achieved. The

present arrangements require the Registering User to sign a Letter of Intent as part of the Siteworks arrangements. As these arrangements are removed under this proposal a new mechanism (described elsewhere) is required.

Innogy states "...The modification proposal refers to a maximum 30 day period during which a shipper shall be the "deemed Registered User" in cases where a User submits a Confirmation (and a Supply Meter is already installed) and requires off-take immediately. However in our opinion this period should more accurately reflect the standard Supply Point Registration timetable and be reduced to say 25 days.

Also we can see no mention of the 30 days referred to above within the text of the legal drafting accompanying the draft modification report..."

Transco would clarify that the maximum 30 day period during which a User can be the "deemed Registered User" is reflected in the standard Supply Point Registration timetable as set out in Section G 2.5.8 (a) of the Network Code, which is unaffected by this proposal.

One respondent states "...Suppliers have licence obligations regarding the inspection of meters connected to the network. Who will cover these obligations if no supplier is associated with the site following a meter fix? If there is no Supplier in place for a number of months, how is this obligation to be met? Is this a safety issue which need to be addressed?..."

Transco believes that in the case of unregistered New Supply Meter Points it has existing arrangements which operate to minimise risks to the community, by identifying a Supplier/Shipper. Once a Supplier is associated with the Supply Meter Point then the licence obligations referred to will apply.

Mobil states "...Nothing in the Network Code to stipulate Transportation charges should only begin from meter fit date and not SPRD, i.e. if we confirm early (before gas flow) we will still incur capacity charges from SPRD..."

Transco believes that this Modification Proposal clarifies the responsibility for gas offtaken before SPRD and Mobil is correct in stating that if a confirmation is made early transportation charges will be incurred from SPRD regardless of meter fix date.

Scottish & Southern states "...They mention that Transco as GT will hold the meter installation reading, and will use this as the Supply Start Reading unless the new Supplier provides a different reading on a U01 file. If the Supplier provides a different reading, how do Transco intend to reconcile the difference? Who will they bill for any consumption..."

Transco believes it was agreed, through detailed discussion at the SPA/Metering Workstream, that as a User could potentially lose a supply contract before becoming the Registered User the existing process would be utilised. If a User is involved after the meter has been installed and gas has been offtaken the existing non Network Code unconfirmed Siteworks process will still stand under which Transco may seek to recover the value of gas consumed between meter fix date and SPRD.

One respondent states "...An operational concern remains around the provision of meter readings. Under this proposal, a Shipper must provide a meter reading when the site is confirmed. If a Shipper cannot provide a meter reading, it is not clear, unless the C & D notification came from the same shipper who is registering the site, whether Transco will use the meter reading provided under the C & D regulations (and thereby assume that no gas has been consumed since the meter fix date). It could only be following the delivery of the first bill to the consumer from the Supplier that such an issue would come to light? How would a meter reading be estimated in these circumstances? How can Shippers be satisfied that they will not end up paying transportation charges for consumption that they were not contracted to supply (and therefore cannot recover the funds)?..."

Transco has made clear that it will send the registering User details of the meter asset and installation read provided to it under the C&D regulations for the User to validate and submit to Transco upon Confirmation. Where the User who Confirms a Supply Point is different to the User who submitted the C&D notification, the confirming User will have the opportunity to submit a read which correctly reflects their opening meter read. In such cases Transco will seek payment for any gas consumed prior to registration from either the customer or the User responsible for submitting the C&D notification.

Scottish & Southern states "...They talk about the connections company generating an AQ which will then be passed to the GT – not sure if it also gets passed to the Supplier at this stage...? The Change Request states that the Supplier must confirm or amend the AQ value during the registration – is this a change to the current AQ amendment/appeal process? Do we use existing flows and processes or are they proposing something new? [Would like to see detailed process map for this]..."

Following detailed discussions in a number of fora, Transco now proposes to populate the Supply Point Register with the New Supply Meter Point at the earliest practicable opportunity i.e. when it has been notified of the specific MPRN for the Meter Point. This change in process coupled with the introduction of standard AQ tables in the industry will provide greater transparency to the User of the AQ at the earliest possible stage. Users will be able to submit amendments to the AQ data before SPRD. After a confirmation has been received an appeal can be raised by the Registered User through a query to Transco.

(A PFD is attached)

Scottish & Southern also states "...We would need a new 'flow' of some description from the connections company to us as Supplier, informing us of the new MPRN and AQ for each new connection. This would replace the MSL file we currently get from Transco. This MOD has system implications for us and we would therefore object to the proposal that is linked to CR 7753 requiring this Mod to be implemented at the same time. We would wish this Mod (when suitably redrafted) to be implemented at the same time as all the other RGMA related changes..."

Until 'hard cutover' Transco will continue to issue the 'MSL' file in the same manner as at

present. This Modification Proposal will only change systems in removing the requirement to validate SWRN which, it is believed, will have minimal impact on Users systems.

BP states "...This modification moves control for MPRN creation from Shippers to third parties who are not subject to Network Code. We are concerned that any changes do not operate to obligate Shippers where they would have little control. BP would recommend that details associated with the MPRN creation should be able to be 'automatically' amended by the Shipper prior to registration, so that any inconsistencies in MPRN creation do not have an impact on the Shipper's commercial relationship with both the Transporter and Customer. Currently changes to information have to be challenged with the Gas Transporter and evidence provided to support the challenge (normally in the form of meter reads) however such information may not be readily available to the Shipper following the introduction of this modification. To this end we feel the current 'appeals' process is not robust enough for the future market operation and should be reviewed..."

Transco will retain control of the MPRN creation process and will permit connection companies to allocate MPRN's to individual Supply Meter Points on its behalf. Transco is sympathetic to the wish to update asset information before registration and would consider discussing this in the SPA/Metering Workstream at a later date. The current AQ Appeals process is out of the scope of this Proposal and it is envisaged the amendment would be raised prior to SPRD.

Statoil states "...we are concerned that system changes should be kept to a minimum during this period leading up to Transco's system separation in February 2003 and would ask that Ofgem are cognisant of this when considering an implementation date..."

BP states "...We recognise that this modification seeks to address the fact that to date MPRN creation has been driven by Shippers requesting a meter from Transco and that this will change as a fully competitive market develops, however we are concerned that, in line with IMSIF's principle: we should be seeking to minimise system changes prior to 'hard cutover' currently scheduled for February 2003. We would therefore urge Ofgem to be minded of this when deciding on an implementation date for this modification..."

Through industry discussion Transco has established that only one system change is now required for the implementation of this Modification Proposal which is the removal of the requirement for Transco to validate the SWRN (this is not expected to have any impacts on Users systems). All other associated changes can now be deferred to the 'hard cutover' date.

Innogy states "...We would also suggest that the principles encompassed in modification proposals 517 & 518 need to be considered in conjunction with this proposal when they are issued for consultation..."

Transco is sympathetic to the principle behind Modification Proposal No. 0517 "Removal of MPRN's where no physical asset has been fitted" and believes it complements this Proposal. However, Transco wishes to clarify that the present

Proposal has no interdependency with Modification Proposals 0517 'Removal of MPRN's where no physical asset has been fitted' and 0518 'Recovery of Transportation & Energy Charges Erroneously Paid where no physical asset has been fitted at a Supply Meter Point'.

BGT states "...We would re-iterate the request made in recent meetings that the variety of processes around new meter point creation, meter fix, confirmation and the commencement of Transportation Charges are in need of clarification and as part of the implementation of this proposal we would like to see clear process flows..."

In Transco's view these processes are outside the scope of this Modification Proposal and have in any event been discussed in several industry groups. Meter Point Creation and Meter fitting have been discussed in depth under the BPRG/RGMA remit and the trigger for commencement of Transportation charges is not proposed to change. Therefore Modification Proposal 0544 "Effective start date for charges on new supply meter points" raised by BGT is separate from and has no link to this Proposal.

Statoil states, "...we have concerns regarding the lack of detail regarding the operational aspect of the proposal. Therefore, STUK would like to suggest that an existing forum (or the establishment of an industry workgroup) is tasked with looking closer at the operational processes required as a result of this modification..."

Transco believes the operational processes referred to have been discussed at length within separate meetings and are not in scope of this Proposal as they lie outside the Network Code. As stated previously Transco now proposes to populate the Supply Point Register with the New Supply Meter Point at the earliest practicable opportunity i.e when it has been notified of the specific MPRN for the Supply Meter Point. This change coupled with the introduction of the standard industry AQ tables will provide greater transparency to Users of the AQ at the earliest possible stage and will enable the User to submit amendments to the AQ data before SPRD. After a confirmation has been received an appeal can be raised by the Registered User through a query to Transco.

One respondent states "...The change is significant and is central to three processes: Metering, Siteworks, and Supply Point Registration. It is important that the operational impacts on all market participants are fully understood. There has been limited debate about these impacts, and Shippers have raised significant concerns with this Modification, some of which are yet to be addressed. Additionally, as other processes, such as the MPRN creation have not yet been baselined, we are concerned that it will not be possible for the modification to marry up with the other processes being implemented to deliver the desired results. We have a concern that early implementation of this modification will pre-empt and constrain discussion and changes necessary to support metering competition at a later date..."

Transco does not agree that debate regarding this Proposal has been limited and it requested that all concerns be raised at the February SPA/Metering Workstream Meeting. A number of questions were indeed raised and responses issued to Workstream members with no further questions being received. The processes detailed above are outside the scope of this Modification Proposal.

This respondent continues "...The implementation of this proposal in June is inconsistent with the concept of a 'hard cutover' to the new metering arrangements. No evidence has been seen to suggest that this modification requires implementation so far ahead of the planned RGMA implementation date. We are further concerned about implementing this modification without having sight of the new terms and conditions available from Transco with regard to connection work..."

The 'hard cutover' to the new metering arrangements should not be a major consideration for this Proposal which is intended to better facilitate competition in the creation of New Supply Meter Points. However, in response to the industry concerns Transco has changed its proposal as described elsewhere in order to minimise system disruption prior to "hard cutover".

The same respondent states, "...we would urge that the Modification and related processes are reviewed at industry level to ensure that the implications of this modification are fully understood. We would further ask that the modification is not implemented until this review has taken place and market participants are satisfied that the objectives stated can be met through the implementation of this modification..."

This Modification Proposal will now have minimal system implications and has already been discussed in several industry fora. Transco will in any event continue to participate in discussion of the areas mentioned above which fall outside the scope of this Modification Proposal.

BP states "...We would also like this opportunity to bring to your attention our concerns with regard to this process as a whole. At the MPR creation presentation held in February. 18 issues / concerns were recorded. A formal response to these concerns was only received in April. We had hoped the speed of the response to the issues would have been reflected in the extension given to the close-out of this modification within the same week as originally required..."

Transco would reiterate that the allocation of MPRN's to specific Supply Meter Points, lies outside the Network Code and that this point is being addressed elsewhere as it is not related to this Modification Proposal.

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

Implementation of this Modification Proposal is required to enable Transco to facilitate the introduction of metering liberalisation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

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

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

Implementation of this Modification Proposal would require Transco to modify its UK Link system. It is unlikely that significant enhancement would be required to User's computer systems and associated processes.

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

At the request of Users and in order to minimise systems work Transco has packaged the UK Link changes (Change Request 9632.1) together with those required under Change Request 7753 (supporting Modification Proposal 0476 (Removal of the requirement to nominate Smaller Supply Points on first Registration)). Reducing the elements within Change Request 9632.1 has introduced the need for additional work which now means that Change Request 7753 and 9632.1 are currently planned to be implemented during August 2002.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented together with Modification Proposal 0476 (Removal of the requirement to nominate Smaller Supply Points on first Registration) as the supporting system changes are currently packaged together to minimise system impact for Users and the legal drafting attached assumes implementation of 0476.

17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

Section G Paragraph 1.9

Add new Paragraph 1.9.8 (iii) to read:

“1.9.8(iii) where at any time prior to the Supply Point Registration Date the User considers that any Annual Quantity of a New Supply Meter Point comprised in the New Supply Point which has been recorded on the Supply Point Register does not reflect the User’s estimate of the correct quantity then the User shall promptly (and in any event before Supply Point Registration Date) notify Transco of the same together with its estimate of the correct Annual Quantity”.

Section G Paragraph 2.6

Add new Paragraph 2.6.5 to read:

“ 2.6.5 The Proposing User will not submit a Confirmation in accordance with this paragraph 2.6, (in respect of a New Smaller Supply Point comprising one Supply Meter Point) where such Proposing User is aware that the Annual Quantity in respect of such Supply Point is greater than 73,200kWh (2,500 *therms*) and in such case any application in respect of the same shall be made in accordance with paragraph 2.3.”

Section G Paragraph 7

Paragraph 7.1.2

Add new paragraph (e) to read:

“(e) “Connections Work” is the connection of the service pipe (or any part thereof) for the

establishment of a New Supply Meter Point on to the System.”

Add new Paragraph (f) to read:

“(f)” “Meter Fix Date” is the date which has been notified to Transco as the date upon which a Supply Meter has been installed at a New Supply Meter Point.”

Paragraph 7.3.1 Delete and substitute:

“7.3.1 Where Transco has been notified that Connections Work is to be or has been undertaken then on or as soon as reasonably practical after the relevant date (in accordance with paragraph 7.3.2) Transco will:

- (i) enter such New Supply Meter Point and the Supply Meter Point Reference Number for the same on to the Supply Point Register;
- (ii) for the purposes of this Section G treat the same as a Supply Meter Point;

Paragraph 7.3.2 Delete and substitute:

“7.3.2 For the purposes of paragraph 7.3.1 the relevant date is the date upon which Transco has received notice of the (i) allocation of a specific Supply Meter Point Reference Number to a New Supply Meter Point, or (ii) completion of the Connections Work, from the person who has undertaken the same, where received earlier than such allocation notice.”

Paragraph 7.3.3 Delete and substitute:

“7.3.3 Subject to paragraph 7.3.7, no person shall be entitled to offtake gas from the System at a New Supply Meter Point at any time before the First Supply Point Registration

Date.”

Paragraph 7.3.5 Delete and substitute:

“7.3.5 Any User may, at any time after the time at which a New Supply Meter Point was entered in the Supply Point Register, submit a Supply Point Nomination in accordance with paragraph 2.3.1 and (subject to having received a Supply Point Offer), submit a Supply Point Confirmation in respect of a Proposed Supply Point which includes a New Supply Meter Point.”

Paragraph 7.3.6 Amend to read:

“7.3.6 Where a User submits

(a) a Supply Point Nomination in accordance with paragraph 2.3 (in respect of a Larger Supply Point ,or a New Smaller Supply Point and there is more than one Supply Meter Point comprised in the Proposed New Smaller Supply Point):

(i) the User shall provide ...etc .”

(b) a Confirmation in accordance with paragraph 2.6 then the User shall be deemed to have provided User’s estimate of the quantity which the User expects to be offtaken from the System at the Supply Meter Point in a 12 month period under seasonal normal conditions, which estimate shall (if the Supply Point Confirmation becomes effective) be the Annual Quantity for the Supply Meter Point ”

Paragraph 7.3.7- Delete

Paragraph 7.3.8 – Delete

Paragraph 7.3.9 Delete and substitute new paragraph 7.3.7

“7.3.7 In respect of both Smaller and Larger Supply Meter Points:

- (a) where a Confirmation (including any subsequent Confirmation) in respect of a New Supply Meter Point has been submitted then in the absence of a rejection of such Confirmation :
 - (i) where the Meter Fix Date is prior to the date upon which such Confirmation is submitted, the Proposing User which submitted such Confirmation will be treated as being the Registered User (but not an Existing Registered User) from
 - (1) the Meter Fix Date, where such Proposing User is the person that has submitted the Meter Fix Reading as described M3.8.11(a);
 - (2) the date such Confirmation is submitted, where such Proposing User is not the person that has submitted the Meter Fix Reading as described in M3.8.11(a); until the Supply Point Registration Date ; .
 - (ii) where the Meter Fix Date is after or upon the date on which such Confirmation is submitted, the Proposing User which submitted such Confirmation will be treated as being the Registered User (but not an Existing Registered User) from the Meter Fix Date until the Supply Point Registration Date .
- (b) Where the Proposing User is treated as being the Registered User, the Proposing User shall, notwithstanding that there is no Supply Point Registration in respect of the Proposed Supply Point (and irrespective of the Proposed Supply Point Registration Date) be permitted to offtake gas from the System at such New Supply Meter Point.

- (c) the quantity of gas (if any) so offtaken on any Day will be counted as an UDQO of the User for the purposes of Code (and in particular the User will be liable to pay any appropriate Transportation Charges in relation thereto).
- (d) for the purposes of the first NDM Reconciliation the quantity of gas (if any) so offtaken will be counted as part of the Reconciliation Quantity (for which purposes a quantity of zero shall be assumed to have been offtaken); and accordingly the User will be liable to pay Reconciliation Clearing charges and Reconciliation Transportation Charge Adjustments in respect of the quantity of gas (if any) so offtaken.
- (e) where any Confirmation (including any subsequent Confirmation) has been rejected by Transco then the Proposing User whose Confirmation has been rejected shall promptly take steps to ensure gas is not offtaken at the New Supply Meter Point.

Paragraph 7.3.10 and 7.3.11 Delete.

Paragraph 7.6 Delete

Section M Paragraph 3.8

Add new Paragraph 3.8.11

“3.8.11 For the purposes of paragraph 3.8.2, where in respect of the installation of a Supply Meter Installation, Transco receives a notice in accordance with The Gas Meters (Information on Connections and Disconnections) Regulations 1996 which provides a Meter Reading (“Meter Fix Reading”) then (a) where such Meter Fix Reading has been submitted to Transco by a Shipper in accordance with its Shippers Licence and the Registered User is such Shipper, then such Meter Fix Reading shall be treated as the Opening Meter Reading of the Supply Meter Point and any Opening Reading subsequently submitted by such Registered User shall be disregarded, (b) where an Opening Meter Reading (which differs from the Meter Fix Reading) has been submitted to Transco by a Registered User and such Registered User is not the person which provided the Meter Fix Reading to Transco in accordance with the above regulations, then such Opening Meter Reading submitted shall be the Opening Meter Reading.”

Signed for and on behalf of Transco.

Signature:

Steve R Phillips
Director of Shipper Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0526**, version **2.0** dated **07/05/2002**) be made as a modification to the Network Code.

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

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **2.0**.

Signature:

Process Manager - Network Code

Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:
 - (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Authority gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.

2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.
3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.
4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.