

Modification Report
Modification Reference Number - 0019

This modification report is made pursuant to Rule 8.12 of the Modification Rules and follows the format required under Rule 8.12.4.

1. Circumstances Making This Modification Urgent

In accordance with Rule 9.2(a) Ofgas has agreed that this modification should be treated as URGENT because it facilitates the introduction of the Balancing regime during the first month of the Network Code.

2. Procedures Followed

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

- 4 April 1996 - Meeting held.
- 11 April 1996 - The Proposal was circulated.
- 17 April 1996 - System User representations made.
- 18 April 1996 - Modification report to OFGAS.
- April 1996 - Implementation.

3. The Modification Proposal:

It is proposed that scheduling charges should not be payable during March 1996.

4. Text provided pursuant to Rule 8.14:

Revised drafting to Transition Document Part II, paragraph 8.

Insert the following at F3:

"No Scheduling Charges shall be payable by any User in respect of any Day during March 1996".

5. TransCo's opinion:

This modification should be implemented so that Shippers are not exposed to scheduling charges for March, to ameliorate minor operational issues associated with the early days.

6. Extent to which the modification would better facilitate the relevant objectives:

This modification facilitates the smooth introduction of Balancing Charges under Network Code by removing the exposure of Shippers to scheduling charges for March operations.

7. The implications for TransCo of implementing the Modification Proposal, including:

a) implications for the operation of System and any BG Storage Facility;

None

b) development and capital cost and operating cost implications

None

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;

It is not TransCo's intention to recover any costs incurred with respect to this modification.

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

TransCo is not aware of any impact on price regulation.

8. 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;

To the extent that the Phase 1 March cap (£10m) is breached TransCo bears the cost of the waived scheduling charges.

9. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

None

10. The implications of implementing the modification for Relevant Shippers.

Scheduling charges will not be payable by Shippers for March 1996 and therefore will not contribute to Basic Net Neutrality.

11. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party;

TransCo has not been informed of any impact on any Non-Network Code Party.

12. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal;

TransCo has not been informed of any consequences of the legislation and regulatory obligations and contractual relationships of implementing this proposed modification.

13. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal;

Shippers will not be exposed to scheduling charges.

14. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report;

The majority of respondents agreed to the waiving of scheduling charges. However, 4 of the 13 respondents disagreed.

15. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation;

The modification is not required to facilitate compliance with safety or any other legislation.

16. Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement; furnished by TransCo under Standard Condition 3(1) of the Licence;

The proposed modification is not required to comply with the above clause.

17. Programme of works required as a consequence of the implementation of the Modification Proposal;

Not Applicable.

18. Proposed implementation timetable;

The proposal applies to scheduling charges during March 1996 and will therefore become effective before submission of invoices.

19. Recommendation for the implementation of the modification;

TransCo recommends that the procedures outlined in the current proposal are implemented.

20. 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.

21. TransCo Proposal

This Modification Report contains TransCo's proposal to modify the Network Code which TransCo has already received a direction from the Director General to make in accordance with this report.

Signed for and on behalf of British Gas TransCo.

Signature:

Date:

Name:

Position:

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date:

Name:

Position:

ANNEX I

Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976, shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply ("the Director") 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 Director 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 paragraph (2)3 of the Schedule to the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996;

provided that if the Director does not approve the Agreement as aforesaid then the following clause shall apply:

Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.