

Modification Report
Modification Reference Number 0020

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 of insufficient time for Registered Users to reconcile Supply Meter Point AQ's due to delays in portfolio reconciliation.

2. Procedures Followed

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

- 19 April 1996 - Meeting held at which proposal was discussed and agreed.
- 22 April 1996 - Modification proposal circulated to System Users for comments.
- 24 April 1996 - System User representations made.
- 25 April 1996 - Modification report to Ofgas.
- 25 April 1996 - Implementation.

3. The Modification Proposal:

The proposal is a request to extend the deadline from 12th April to 3rd May 1996 for which Shippers can lodge an AQ appeal for Supply Meter Points in their portfolio. Appeals submitted in accordance with the provisions of Transitional Document Part II 7.6 will be investigated by TransCo, if a revised AQ is agreed Transportation charges will be adjusted accordingly.

4. Text provided pursuant to Rule 8.14:

Revised drafting is required in Transition Document Part II, Section 7.6.1, as follows:

Delete:

"the expiry of a period of one month after the date on which TransCo provided to the User the Opening Portfolio Statement"

and insert:

"3rd May 1996".

5. TransCo's opinion:

The modification should be implemented to permit Shippers an extended period in which to appeal against Supply Meter Point AQ's in their portfolio.

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

The modification if implemented will enhance the accuracy of AQ's for Supply Meter Points, hence transportation charges, by extending the period in which Shippers can lodge an AQ appeal.

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:

The estimated cost of this modification is small, and so any cost will be recovered through existing mechanisms.

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

TransCo is not aware of any impact upon 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:

The proposal may result in a number of amendments to AQ's, which will effect Transportation charges. Invoices will need to be issued to reconcile the difference as a result of the AQ change.

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.

Implementing this proposal will enable Relevant Shippers to continue submitting AQ appeals for Supply Meter Points for an extended period.

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

TransCo is not aware of any implications of implementing the modification proposal on Non-Network code parties.

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 of implementing this proposal. This proposal will assist in fulfilling the contractual requirement to ensure the AQ's attached to each Supply Meter Point represent a fair assumption of the quantity of gas offtaken for the previous year.

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

- Advantages:** The modification allows Shippers who had insufficient time, due to portfolio reconciliation delays, extra time to lodge AQ appeals for Supply Meter Points within their portfolio. This modification will help to ensure more accurate AQ's are attached to Supply Meter Points.
- Disadvantages:** The extended period for the appeal process may result in May invoices being issued with charges that require revising via an ad hoc invoice.

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

British Gas Trading

British Gas Trading support the proposal.

Kinetica

Kinetica supports the proposal.

TransCo Response

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:

This 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:

Work has already been undertaken. This proposal extends the deadline for the period when it stops.

18. Proposed implementation timetable:

The modification proposes that Shippers will be able to continue to submit AQ appeals for their Supply Meter Points until 3rd May 1996. Any appeals submitted before this date will be accepted and investigated, appeals will not be accepted after this date.

19. Recommendation for the implementation of the modification:

TransCo recommends that the procedures outlined in this 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 and TransCo now seeks a direction from the Director General 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:

DRAFTING AMMENDMENT

Modifications to paragraph 7 of Part II of the Transition Document

1. In paragraph 7.6.1 replace the words "the expiry of a period of one month after the date on which TransCo provided to the User the Opening Portfolio Statement" with "3rd May 1996".

2. Add a new paragraph 7.8 as follows:

"7.8 Annual Quantities on confirmation

- 7.8.1 Subject to paragraph 7.8.3, until 30th June 1996, where a Supply Point Confirmation made in respect of a Proposed Supply Point whose Annual Quantity is not less than 73,200 kWh (2,500 therms) will become effective, the Proposing User may, not later than the Supply Point Registration Date nor more than 8 Business Days earlier, notify TransCo that the Proposing User considers that the Annual Quantity of a Supply Meter Point, comprised in the Proposed Supply Point fails to satisfy the requirement (in accordance with paragraph 7.6.4 which shall be deemed to apply for the purposes of this paragraph 7.8) in Section G1.6.9.
- 7.8.2 In relation to any such notification as is referred to in paragraph 7.8.1, Sections G1.6.8(b) and G1.6.10 shall apply as though the User's notification had been made under Section G1.6.8(a) (disregarding sub-paragraphs (i) and (ii) thereof) and on the basis that references to the relevant Gas Year are to the period from the Supply Point Registration Date to 30th September 1996.
- 7.8.3 A notification under paragraph 7.8.1 may only be given where the quantity which the User estimates (in accordance with Section G1.6.8(b)(i)) should be the Annual Quantity of the Supply Meter Point is greater than 200% or less than 50% of the Annual Quantity."

MODIFICATION PROPOSALS

Reference Numbers: ~~0021~~ and 0021

0020

DIRECTOR GENERAL OF GAS SUPPLY RESPONSE

In accordance with Condition 7(10)(b) of the Standard Conditions of Gas Transporters' Licences, dated 21 February 1996, I hereby direct British Gas TransCo that the proposals contained in the above Modification Reports, be made as modifications to the Network Code:

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

Signature:

Name: Sean O'Hara

Position: Senior Executive Officer

Date 25 April 1996