Modification Report
Amendment to the provisions governing Network Code Isolation.
Modification Reference Number 0442

Version 3.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

The ISA replaced certain provisions in Section G3 of the Network Code Principal Document which were either incorrect or rendered redundant as a result of implementation of the ISA and were not removed.

Modification of the Network Code is required to remove or correct the redundant isolations drafting in Section G of the Network Code, and to incorporate relevant provisions of the ISA in the Network Code.

2. Transco's Opinion

This Modification Proposal was raised by Transco with the objective of embodying relevant sections of the Isolations Siteworks Agreement (ISA) into the Network Code and removing or revising the existing Isolations drafting in Principal Document Section G of the Code as appropriate. The ISA enables a User to request and Transco to process an Isolation. The ISA is not concerned with physical works which is dealt with under separate Discontinuance and Disconnection Terms and Conditions. Transco believes it is appropriate for the requirements for an Isolation to be established within the Network Code and not as a separate document, as is currently the case. This would enhance visibility and understanding of the distinction between 'physical works' and Isolation and, if necessary facilitate future modification of the provisions within the established Network Code modification process.

Transco raised this issue within the SPA/Metering Workstream meeting in January 2000 and indicated its intention to convene a sub-group. At the February 2000 Workstream meeting Transco reported that it had received only one response to its request for membership and therefore advised that the topic would be included on the agenda of subsequent SPA/Metering Workstream meetings. In August 2000 Transco produced draft legal text which was issued to SPA/Metering Workstream members for comment. Four responses were received, and the legal text was revised where appropriate.

Transco did not include suggested revisions to the legal text where they were related to or included references to 'physical works', which are primarily dealt with under the Disconnection and Discontinuance Terms and Conditions. Transco believes including such references could introduce ambiguity owing to the overlap with other agreements. Transco's view is that the Network Code is primarily a transportation contract and should not be

concerned with non- PGT related activities such as physical works. Other suggested changes to the legal text duplicated provisions of the Gas Act Schedule 2B and were, therefore, felt inappropriate.

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

Transco believes that this proposal may better facilitate it's PGT Licence relevant objectives by providing a more transparent process for requesting and administering Network Code Isolations. This in turn reduces costs and uncertainty to the benefit of the community. The mitigation of cost and uncertainty may be considered consistent with the objective of facilitating competition.

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

None identified.

b) development and capital cost and operating cost implications:

None identified.

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:

Not applicable.

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

None 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

Given establishment of the Isolations provisions within the Network Code Principal Document, all Users automatically become signatories and therefore Transco and Users obligations are unambiguous and contractual risk is mitigated. The incorporation of the ISA would also reduce the need for additional contractual administration for Transco and Users.

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

There are no identifiable system development costs for Transco or Users.

7. The implications of implementing the Modification Proposal for Users

Transco believes that the following benefits would be forthcoming for Users from implementation of this Modification Proposal.

- Greater visibility and transparency to Users of the Isolation process.
- A clearer distinction between Network Code Isolation and 'physical works'.
- More effective potential for the future development of Isolation provisions through the established Network Code modification process.

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

None identified.

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

None identified.

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

Advantages

- Greater visibility and transparency of the Isolation provisions through incorporation of the ISA into Principal Document Section G of Network Code.
- The distinction between 'physical works' and Network Code Isolation is clarified.
- The existing redundant Network Code provisions are removed or updated.
- Future Modification Proposals may be made as necessary under the established process.

Disadvantages

- Inclusion of relevant Isolation provisions within the Network Code would require Transco or Users to be proactive in considering future review or modification, whereas there is an existing requirement that the ISA be subjected to annual review. This promotes discussion and potentially prevents the area becoming outdated or redundant

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

Ten representations were received in respect of this Modification Proposal. Four respondents were supportive, five were supportive in principle and one was opposed to implementation.

TXU notes that inclusion of the ISA within the Network Code would update the existing drafting in section G and provide greater transparency with respect to the Isolation process.

Powergen expressed the view that given that the Proposal is mainly concerned with removing non-PGT activities from the Network Code, it is happy to support the Modification on the basis there will not be any detrimental effect on shipper activities.

BGT notes that implementation of this Modification Proposal will help to bring together the essential elements of the obligations of the various parties involved in the Isolations process into a common control where before these have been contained within different contracts and agreements which has led to an unnecessarily fragmented process. It further notes that the advantages of bringing the Isolation Siteworks Agreement (ISA) under the umbrella of Network Code governance gains the benefit of ensuring that all Network Code parties are bound by identical requirements in this process. It also affords the advantage of the process itself being subject to a change procedure which is in common usage and consistent across the industry.

General points

- **Unbundling**

A general theme throughout representations received was that this Modification Proposal does not address 'unbundling' impacts. Transco acknowledges the validity of these comments but believes that this topic is 'out of scope' for the purposes of this Modification Proposal, the objectives of which were discussed at various meetings of the SPA/Metering Workstream. Transco would reiterate that as described in the Modification Proposal, these objectives were to incorporate relevant provisions of the Isolation Siteworks Agreement (ISA) within the Network Code and remove or correct the existing redundant drafting contained within Network Code Principal Document Section G3. Transco acknowledges, however, that unbundling matters will need to be addressed which may ultimately require a further Modification Proposal. Transco intends to initiate appropriate discussion in the near future within the SPA/Metering Workstream.

Alliance Gas and BP question the appropriateness of this Modification Proposal at a time when industry discussions are ongoing with regard to meter asset unbundling and associated processes. BP notes that it 'would prefer to retain the existing arrangements until such time as the impact on the industry is fully absorbed'.

BGT raises concerns that the ISA does not reflect the changes which have been brought about through competition in the area of meter removal and disaggregation of the metering service. BGT further notes that the changes would affect the responsibilities and obligations on Network Code parties and, therefore, would like to see a system of controls introduced to the processes around the performance of both Transco (PGT) and shippers, particularly in improving accuracy of the information held. BGT suggests that

it would welcome a Standard of Service which ensures that correct information is validated and accepted in a timely manner.

Transco understands the above points, but would stress that implementation of this Modification Proposal is necessary to embody relevant provisions of the ISA into the Network Code and update existing drafting. The objective of this activity is to enhance visibility and understanding thereby clarifying the distinction between the Network Code contractual status of Isolation and 'physical works'. Transco acknowledges that a further Modification Proposal may be needed once the full impacts of metering unbundling are understood.

- **Meter work undertaken by a third party**

The Engineering sub-group of the Gas Forum, Alliance Gas, BP and Shell Gas raise concerns with regard to meter work being undertaken by third parties.

All of the above respondents note that the proposed text fails to recognise meter removal by third parties and therefore the obligations on Users under the proposed legal text are unreasonable given that third parties can remove meters. The respondent notes that the work which could be undertaken by third parties would not be included within the definitions of 'Discontinuance' or 'Disconnection' and suggests that under the provisions of the Gas Act such activity should be treated as a 'Disconnection'. Alliance Gas, however, notes that a Discontinuance should exclude work undertaken by parties other than the shipper or its agents.

The Engineering sub-group of the Gas Forum requests that Transco considers the implications of such work on the proposed drafting and provides protection within the Network Code for Users when such works are undertaken. Alliance Gas notes that it is possible, therefore, under the new unbundled regime that a User will be submitting an Isolation request for a customer owned meter where the User may not have had any input into the physical works.

Due to the significance of the points raised, the Engineering Sub-group feels that the drafting is not robust in its current form and would therefore prefer to see the retention of the existing arrangements until the impact of industry change is understood.

Transco's response is that removal and installation of meters constitutes physical work and therefore will remain outside of the terms of the Network Code which is concerned with gas transportation arrangements. Whilst the physical method of installing or removing the meters may change, the PGT procedure for Isolation is unlikely to be significantly impacted. Transco acknowledges, however, that unbundling issues will need to be addressed within the SPA/Metering Workstream. Transco does not believe, however, that modification of the current provisions should be delayed until unbundling matters have been resolved given that this could involve considerable debate within the SPA/Metering Workstream. Transco suggests that implementation of this Modification Proposal will lay a foundation for this process.

- **Isolating status**

  Alliance Gas, BP, The Engineering sub-group of the Gas Forum and Shell Gas propose an 'isolating' status for inclusion within the Network Code. The above respondents suggest that in an instance where a User has requested an Isolation there is a period between the completion of 'physical works' and Isolation whereby the meter point is in 'isolating' status.

  Alliance and The Engineering sub-group suggest that Users should not incur charges for the period following Discontinuance but prior to Isolation. The above respondents and BP and Shell Gas suggest that the Modification Proposal fails to take account of the existence of this status and the Network Code upgrade form or 'upgrade delegation' which facilitates the process.

  Shell Gas suggests that the proposed text should reflect current practices and the PGT should flag Supply Meter Points as 'isolating' when a shipper informs Transco that it is endeavouring to remove a meter. Shell Gas also proposes that Transco should communicate to Users to confirm that the status of 'isolating' has been accepted within twenty four hours.

  Transco's response is that this suggestion is 'out of scope' of the Modification Proposal and is not current practice. This status has not previously been addressed at any Workstream meeting. Transco does not believe, therefore, that this suggestion can be considered with respect to this Modification Proposal but would be pleased to facilitate debate at a future SPA/Metering Workstream.

- **Re-establishment (G3.4(i)) /G3.4.2**

  Amerada suggests that where Transco has re-set the status of the Supply Meter Point it must notify the Registered User of this promptly and in any event within two working days.

  Transco's response is that the User would be aware that the Supply Meter Point has been re-established through the receipt of an Opening Meter Read notification via the MRBILLREADS file.

  Shell Gas raises concern with regard to the current drafting 'where a Supply Meter Point has been Isolated, it may be Re-established as being the responsibility of the Registered User'. Shell Gas suggests that the paragraph be redrafted to ensure that it is clear to which responsibilities are being referred to. The respondent also notes that dependant on the clarification given it suspects that it might not be appropriate for Transco to be able to determine - without the Users consent - that it should take on these responsibilities

Transco's response is that upon Isolation a User remains the Registered User of a Supply Point. A User only ceases to be the Registered User where the Supply Meter Point has been Isolated and Withdrawn or if the Supply Point has transferred to another User.

- **Isolation requests (G3.5)**

Alliance Gas raises concern with regard to the wording of the Isolation request as it currently implies that the User will be in breach of the Network Code by submitting an invalid request.

Transco acknowledges the concern raised and has amended the proposed text to reflect that invalid requests will not be processed by Transco.

Alliance Gas and Shell Gas suggest that the lead time from Isolation Request to Transco setting the status on its Sites & Meters database and informing the User is too long and should be reduced to two days in line with provisions under the Gas Act. Alliance Gas and Amerada suggest that Transco removes the reference to 'reasonably practicable'.

Transco's response is that its obligations under the Gas Act as described above refer to 'physical works' i.e. Disconnection and not the contractual status of Isolation. Transco believes that the five day lead time proposed is a reasonable period within which to set the status of a Meter and represents a significant reduction on the present eleven day period.

Transco believes that the reference to 'reasonably practicable' should be retained as it allows for circumstances where there may be technical difficulties associated with setting the Meter Point status. As described above Transco has reduced the timescales for setting a meter status to Isolated from eleven to five days which represents a substantial improvement to the existing regime. Transco, however, believes the above reference is needed in the unlikely event of difficulties being experienced.

Amerada expresses its dissatisfaction with regard to the scenario that when Transco has Isolated a Supply Meter Point, in the event that Transco fails to notify the User of an Isolation within five days, that it will notify the User within a 'reasonable period' following such Isolation. Amerada suggests that a more specific time period be given.

Transco's response is that the proposed legal text (G3.5.3) establishes that Transco will Isolate a Supply Point within 5 days of the request (or the date of Discontinuance or Disconnection if later) and will notify the Registered User of Isolation within a reasonable period following such Isolation. No timescale is proposed for notifying the Registered User of Isolation. Transco has, however, raised UK-Link Change Request 8393 which proposes to implement a mechanism whereby Transco automatically notifies the Registered User upon Isolation.

Amerada and Shell Gas raise concern with regard to the situation whereby Transco has refused an Isolation Request. Amerada suggests that in these circumstances Transco

should always notify the User of the reason for refusal within five days and therefore the reference to 'as soon as reasonably practicable thereafter' should be removed. Shell Gas notes that the reasons for which Transco would refuse an Isolation request are relatively straightforward and therefore Transco should notify the User of refusal within twenty four hours.

Transco's response is that, as Shell Gas identifies, instances whereby Transco rejects an Isolation Request are rare. But if this occurs the reason for rejection may be complex and involve collating a detailed response for which Transco believes five days would normally be sufficient. However, a longer period may be required for which the reference 'as soon as reasonably practicable thereafter' is needed.

- **Indemnity clause (G3.5.7)**

Shell Gas suggests that the above paragraph is too 'heavy handed' and potentially penal with regard to the shipper asking simply that Transco changes the recorded SPA status. Shell Gas therefore proposes deletion of this paragraph.

Transco's response is that this indemnity was negotiated at length with the industry prior to insertion into the ISA and has been therefore incorporated within this Modification Proposal. Where Transco does carry out 'physical works' the first notification to it may be upon submission of an Isolation Request. In the event that the physical works has not been carried out correctly and this results in liability or damage to Transco then Transco believes it should be neutral. Third parties carrying out works for Registered Users should have contractual assurances, liability and insurance provisions in their contracts with such users to carry out physical works.

Amerada suggests that the drafting around the definition of Disconnection and Discontinuance be clarified such that the User can have confidence on the method of securing the Supply Meter Point. The respondent notes, that anecdotal evidence indicates that in some cases where meter removal has been previously requested, capping or clamping has been employed. This is seen as particularly important in the light of the drafting of clause G3.5.7.

Transco's response is that concerns have been previously expressed with regards to the existing provision contained within M2.6.3 and has therefore proposed removal of these to ensure competition is facilitated. Clarification of the nature of 'physical works' required for Disconnection and Discontinuance should be defined within the relevant physical works contracts and is, therefore, not part of the Network Code.

- **Liability of User for Transportation charges (G3.5.8)**

Alliance Gas suggests that the proposed drafting should be more robust with respect to a requirement to the withdrawal date and clarification that the User, having secured that gas can not be offtaken at the time of physical works, can not be responsible for the subsequent actions of others past this date.

Transco's response is that it does not believe that redrafting of the proposed text is necessary as the current Network Code provisions (G3.1 & 3.2) adequately address responsibilities governing Supply Point Withdrawal.

Shell Gas questions whether this section (G3.5.8) deliberately omits Energy Balancing costs and if so does not understand why.

Transco's response is that Energy Balancing costs are not relevant to this provision as it is only concerned with the application of transportation charges.

- **Urgent disconnection (G3.6)**

Alliance Gas, Shell Gas and BP raise comments with respect to 'Urgent Disconnections'. The proposed text suggests that Transco may undertake a Disconnection at the request of any person where it appears to Transco that it is necessary to do so in pursuance of and in compliance with a legal requirement.

Alliance Gas questions whether a Disconnection at the request of a third party should always be classified as 'urgent'.

Alliance Gas, Shell Gas and BP note that in the ISA clause 2.7 there exists a protection to Users where Transco has undertaken a Disconnection at the request of a third party. This relates to the charges that may be incurred in the event of a User receiving late notification that a disconnection has taken place. The above respondents suggest, therefore, that this clause be inserted into the proposed legal text. Shell Gas further suggests that this section should not be entitled 'Urgent Disconnections' as the proposed text should apply in all instances where an end consumer/meter owner does not want to 'go via its supplier'.

Transco's response is that it disconnects under its PGTs powers for Health and Safety reasons and this provision is consistent with the Gas Act. Transco believes that nothing in the Network Code should conflict with its Gas Act rights and obligations to disconnect and make safe a Supply Meter Point in an emergency and under these circumstances notification will follow in accordance with the Gas Act. This paragraph is inserted to establish clarity with regard to this point.

- **General points associated with Discontinuances and Disconnections**

(G3.5.3)

Amerada comments that it is dissatisfied with the management of invoice adjustments related to Discontinued 'dead' Supply Meter Points.

Transco's response is that the area of Discontinued 'dead' Supply Meter Points is under discussion within the Invoice and Adjustment Workstream and it is these discussions which are delaying invoice adjustments and not the adjustment process itself.

Amerada raises a concern that whilst there are numerous obligations on the User to provide information to Transco there are few equivalent obligations on Transco to advise the User of its activities and to adjust charges in a timely manner. It further notes that Transco's performance with respect to issuing adjustments to charges in this area has been particularly poor. Amerada acknowledges that improvements have been made but suggests that specific timescales for adjustments should be encoded with suitable provisions in the event of Transco failure to adjust within these timescales for all relevant issues.

Transco's response is that the Network Code already includes timescales for invoice adjustments, namely the end of the second month following the month of resolution, and penalties for late adjustments exist in the form of credit interest. Transco continuously strives to meet these timescales and does not believe a need for further measures exists.

(G3.4.4)

Shell Gas notes that given recent changes aimed at facilitating competition in the provision of meter asset services, it does not consider that the pipeline operator's contract should include commitments with regard to the handling of Transco's metering assets unless it includes commitments about the handling of other meter asset provider's equipment.

Transco's response is that the current Network Code provisions assume that Transco is the meter asset owner and current requirements include provisions relating to the handling of Transco's meters. The respondent has suggested that provisions relating to other meter asset providers should also be included within the proposed legal text. Transco's view is that the topic of metering unbundling is still under review and should be advanced prior to the above concerns being considered. As described earlier Transco intends to initiate appropriate discussion in the SPA/Metering Workstream shortly.

- **Ad-hoc drafting queries**

Shell Gas raised various helpful points with regard to drafting anomalies it believes are contained within the proposed legal text

G2.4.2(i) Shell Gas believes that this reference is wrong because paragraph 2.4.2(i) does not seem to appear in the current Network Code drafting.

Transco's response is that Shell Gas appears to have misinterpreted the reference as being a roman numeral sub-section as opposed to the letter 'i'.

G3.4.2 to G3.4.6 Shell Gas notes that the proposed text explains what happens to the existing paragraph G3.4.1 but does not make clear that these paragraphs replace those currently in the Network Code.

Transco's response is that the paragraphs G3.4.1-3.4.6 replace the existing paragraphs and has revised the proposed legal text to clarify this.

G3.5.3 Shell Gas suggests '(provided Transco is ~~are~~.....'

Transco has amended the legal text accordingly.

G3.5.2 (2nd Paragraph). Shell Gas notes that this paragraph is not numbered currently. It suggests that this makes references difficult and considers that it is preferable that reference numbers are given to all paragraphs whenever possible. It proposes numbering these paragraphs G3.5.3(i) and G3.5.3(ii).

Transco has adopted this suggestion.

G3.5.4 Shell Gas considers that this paragraph might confuse the new definition of an Isolation (i.e. defined as simply changing the recorded SPA status) with the definition of an Isolation as it is described in the Gas Code. Shell Gas suggests that there are no legal obligations that are relevant to the changing of the SPA status and therefore consider that this paragraph should be deleted.

Transco's response is that whilst it is accepted that there is no explicit legislation relating to Isolation, new legislation may be introduced in this area or existing wide reaching legislation may indirectly affect the provision. Transco therefore believes paragraph G3.5.4 should be retained with the proposed drafting.

Alliance Gas raises the following points.

G3.5.5 Alliance suggests that this clause should be subject to the provisions contained within paragraph G3.5.4.

Transco does not feel that the above cross reference is necessary as it believes that the proposed legal text in G3.5.5 is clear in that it is subject to the provisions within paragraph G3.5.4.

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

Implementation of the proposal is not required to facilitate any such change.

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

Not applicable.

14. Programme of works required as a consequence of implementing the ModificationProposal

None identified.

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

It is proposed that this Modification Proposal be implemented by end March 2001.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Proposal should be implemented.

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

19. Text

Legal text is attached to this report.

Signed for and on behalf of Transco.

Signature:

Tim Davis
Manager, Network Code

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 **0442**, version **3.0** dated **02/03/2001**) 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 **3.0**.

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.

Appendix

Proposed Network Code (Principal Document) drafting

SECTION G

2.4.2(i)

Remove paragraph 2.4.2(i) and replace with:-

"the Supply Meter Point Reference Number of any Supply Meter Point comprised in the Proposed Supply Point is Isolated; and"

2.5.5

Delete paragraph 2.5.5 and replace with:-

"2.5.5 A Supply Point Confirmation may not be made, and Transco will reject any Supply Point Confirmation submitted (except in respect of a Shared Supply Meter Point), in respect of a Proposed Supply Point comprising any Supply Meter Point comprised in a Proposed Supply Point in respect of which any other Supply Point Confirmation has been made and is (in accordance with paragraph 2.5.9) outstanding."

2.10.2 - 2.10.3

Remove paragraphs 2.10.2 and 2.10.3 and renumber paragraph 2.10.4 as 2.10.2.

3.2.1

Delete and replace with:-

"A Supply Point Withdrawal shall become effective only where each of the Withdrawing Supply Meter Points either:-

(i) is comprised in another Supply Point (of which the Registered User may be the Withdrawing User); or

(ii) has been Isolated; or

(iii) the Supply Meter Point status has been recorded as dead following physical works by Transco to sever any service pipe in which situation the Supply Meter Point shall be deemed Isolated,

and the date with effect from which the Supply Point Withdrawal is effective shall be the Supply Point Registration Date (of such other Supply Point) or the Isolation Date or the latest of any such date."

3.2.6

Delete paragraph 3.2.6.

3.4 ISOLATION: GENERAL

3.4.1 shall read:

"3.4.1 (a) For the purposes of the Code "**Isolation**" of a Supply Meter Point shall mean the recording, by Transco, of the status of a Supply Meter Point (in respect of which a Disconnection or Discontinuance has occurred) as isolated and "**Isolate, Isolated**" shall each be construed accordingly.

(b) "**Disconnection**" shall mean works carried out by Transco pursuant to its powers under the Act or Transco Licence for the purposes of securing that gas cannot be offtaken from the System at a Supply Meter Point and "**Disconnecting, Disconnects**" shall each be construed accordingly.

(c) "**Discontinuance**" shall mean works to be carried out by a supplier, (or such person acting on behalf of the supplier as agent) pursuant to its powers under the Act or Supplier's Licence for the purpose of securing that gas cannot be offtaken from the System at a Supply Meter Point and "**Discontinue, Discontinued**" shall each be construed accordingly. For the avoidance of doubt Transco or a User may act as agent of the supplier in performing a Discontinuance.

(d) "**Disconnection Procedures**" are procedures to apply in respect of Disconnections established by Transco, after consultation with Users and from time to time revised.

(e) "**Discontinuance Procedures**" are procedures to apply in respect of Discontinuances established by Transco, after consultation with Users and from time to time revised.

(f) "**Isolation Request**" shall mean a request to Isolate made by a Registered User and delivered to Transco under the Isolation Procedures.

(g) "**Isolation Date**" shall mean the date on which Isolation occurs as notified by Transco, pursuant to paragraph 3.5.3.

(h) "**Isolation Procedures**" are procedures to apply in respect of Isolations established by Transco, after consultation with Users and from time to time revised.

(i) "**Re-establish**" shall mean the re-setting by Transco of the previously recorded Isolated status of a Supply Meter Point to indicate gas is flowing where works have been carried out by qualified persons to secure the offtake of gas at Supply Meter Point and "**Re-established, Re-establishment**" shall each be construed accordingly.

3.4.2 Subject to paragraph 3.4.3, where a Supply Meter Point has been Isolated (and unless it is Re-established pursuant to paragraph 3.4.6) the person who is or was the Registered User of the Supply Point in which it is or was comprised shall cease to be responsible for gas offtaken from the System at the Supply Meter Point.

3.4.3 In the case of an NDM Supply Meter Point which has been Isolated (and unless and until it is Re-established pursuant to paragraph 3.4.6) NDM Supply Meter Point Demand will cease to be determined in respect of that NDM Supply Meter Point in accordance with Section H2.

3.4.4 Where a Discontinuance is carried out at a Supply Meter Point the Registered User must obtain and provide to Transco a Valid Meter Reading obtained at the date of Discontinuance and such other information as is required to be notified to Transco in accordance with the Act and the Gas Meter (Information on Connection and Disconnection) Regulations 1996 and the relevant Discontinuance Procedure. The Registered User shall ensure that within 28 days of any Discontinuance any equipment owned by Transco is returned to Transco or notified as being available and ready for collection by Transco in the same condition as removed from the premises and notify Transco of any defects in the equipment.

3.4.5 The Registered User shall notify Transco at least forty-eight (48) hours before or after any works are undertaken to secure the offtake of gas at the Supply Meter Point where the Registered User is aware of any such works.

3.4.6 Where a Supply Meter Point has been Isolated, it may be Re-established as the responsibility of the Registered User by Transco, where Transco reasonably identifies or is notified that gas is capable of being offtaken at that Supply Meter Point provided that a Supply Point Withdrawal has not occurred."

3.5

Shall read:-

"3.5 Isolation Request

3.5.1 An Isolation Request may only be made by a Registered User where either:-

(i) Transco has carried out a Disconnection or Discontinuance subject to the provisions contained in the Disconnection Procedures and Discontinuance Procedures and the relevant Siteworks Contract for such Disconnection or Discontinuance; or

(ii) the Registered User has carried out a Discontinuance subject to the provisions contained within the Discontinuance Procedures and paragraphs 3.4 and 3.5.

3.5.2 The Isolation Request must specify:-

(i) the identity of the User; and

(ii) the relevant Supply Meter Point Reference Number of the Supply Meter Point; and

(iii) the date of Disconnection or Discontinuance.

3.5.3 Transco will Isolate the Supply Meter Point (provided Transco are satisfied such Isolation Request has been made in accordance with paragraph 3.5.1 and 3.5.2 and it is reasonably practicable to do so) within five (5) Business Days of the Isolation Request or the date of Disconnection or Discontinuance if later and notify the Registered User of Isolation within a reasonable period following such Isolation.

3.5.4 Transco will not accept and is not obliged to accept an Isolation Request:

(i) where to do so would place Transco in breach of any duties or obligations contained within any Legal Requirement or under Code;

(ii) for a Shared Supply Meter Point unless such a request is submitted by all the Sharing Registered Users;

(iii) for any Supply Meter Point which may be supplying a Sub-deduct Arrangement unless requests have been submitted for all the Sub-

deduct Arrangement which is supplied by such Supply Meter Point.

3.5.5 If Transco refuses to accept an Isolation Request then it will give the reason for the refusal within five (5) Business Days of such an Isolation Request or as soon as reasonably practicable thereafter.

3.5.6 Where a User makes an Isolation Request, Transco will be entitled to assume that the User has taken all reasonable steps to ensure that any Discontinuance has been carried out by suitably competent personnel using all reasonable care, skill and diligence and in compliance with any Legal Requirement, code of practice, relevant Discontinuance Procedures relating to such Discontinuance.

3.5.7 In the event that it becomes evident that the terms of paragraph 3.5.6 have not been complied with in respect of any Discontinuance then the User who made such Isolation Request shall fully indemnify and keep indemnified Transco against any loss, claim, proceedings, costs, compensation, damages, actions, demands, additional costs including rectification of any defect in respect thereof or in relation thereto (on an indemnity basis) which may arise whatsoever.

3.5.8 In the event gas continues to be offtaken at the Supply Meter Point which has been subject of an Isolation as a result of a failure to Discontinue in accordance with paragraph 3.5.6 then the User shall be liable for any Transportation Charges calculated as a result of such failure to secure that gas cannot be offtaken at the Supply Meter Point.

3.5.9 A Supply Meter Point will be treated as Isolated for the purposes of Code (until and unless Re-established in accordance with paragraph 3.4.6) with effect from the Isolation Date."

3.6

Shall read:-

"3.6 Urgent Disconnection

3.6.1 Nothing in the Code shall prevent Transco from Disconnecting any Supply Meter Point at the request of any person where it appears to Transco that it is necessary to do so in pursuance and compliance with a Legal Requirement, and where it does so Transco shall not be in breach of its obligation to make gas available for offtake. "

3.6.2 - Delete

G6.9.2(a)

Delete the words "isolate or".

G7.1.1(iv)

Amend Section G7.1.1(iv) to read:

"7.1.1 (iv) undertaking a Discontinuance or Disconnection or reconnecting any Supply Meter Point where a Discontinuance or Disconnection has taken place:"

<u>SECTION M</u>

2.1.1

Delete the word "isolated" *and replace with* "Discontinued or Disconnected".

2.6.3

Delete paragraph M.2.6.3

3.9.1

Delete the word "Isolation" *and replace with* "Discontinuance or Disconnection".

3.9.2

Delete paragraph M3.9.2 and renumber paragraph M3.9.3 as paragraph M3.9.2.