

**0582 - Amendments to reflect separation
in legal ownership of NTS and National
Grid owned LDZs to facilitate the sale of
National Grid's Gas Distribution Business**

nationalgrid

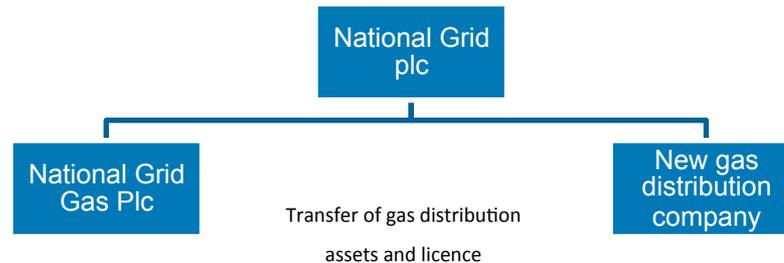
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National Grid Distribution

UK GAS DISTRIBUTION



- National Grid announced in November 2015 that it plans to sell a majority stake in its Gas Distribution Network business.
- Asset and Licence Transfer
- Hive-across arrangements – 1st October 2016
- Following the proposed transfer, a majority stake in the new distribution company will then be sold.
- Changes to UNC (enduring and transition) required to facilitate...





- Transition Principal Document (TPD) requirements (principally Section V):
 - post the hive-across of NG Gas Distribution business and assets to NewCo National Grid will no longer be the holder of a GT licence authorising the conveyance of gas through the relevant LDZs
- Transition Document (TD)
 - National Grid's Network Code will continue in force post the hive-across date in respect of the NTS only
 - National Grid and Users will release each other from rights and obligations relating to the relevant LDZs which shall become rights and obligations between NewCo and Users
 - transportation charges relating to the relevant LDZs and accruing in the period before the hive-across date will remain payable to National Grid
 - acts of National Grid, and circumstances existing under National Grid's Network Code, in relation to the relevant LDZs will be deemed to be binding on NewCo and exist under NewCo's network code with effect from the hive-across date



- all values, e.g. Capacity holdings, Supply Point Registrations relating to the LDZs and established under National Grid's Network Code will continue to apply with effect from the hive-across date pursuant to NewCo's Network Code
- ancillary agreements relating to the LDZs will be deemed from the hive-across date to be binding between NewCo (in place of National Grid) and the relevant User
- new transitional rules will be added to the TD to cover the following Offtake Arrangements Document (OAD) related issues:
 - rights and obligations under OAD in relation to NTS/LDZ offtakes for the relevant LDZs will become, from the hive-across date, rights and obligations enforceable between National Grid and NewCo
 - etc.



- Self governance procedures requested
 - No material impact on consumers
- Distribution Workgroup discussion – 26th May 2016
 - NG lawyers will be present
 - request Workgroup Report to June 2016 Modification Panel
- NGD will also present broader details of the sale process to set the Modification context
 - e.g. UNC accession