

CODE MODIFICATION PROPOSAL No. 0034
"Netting off of Payments and Credits relating to Transportation Charges"
Version 1.0

Date: 13/07/2005

Proposed Implementation Date: 01/10/2005

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

This Modification Proposal is a simple change to Uniform Network Code. The proposal codifies a process, which has been common practice until recently. As such, the proposer does not consider that further development is required and the Modification is in a suitable state to proceed direct to consultation.

Nature and Purpose of Proposal (including consequence of non implementation)

In respect of Transportation charges, invoices from Transportation networks will often contain both debits and credits. Although these are correctly separated in the invoices, convention has been that the amount paid is the net sum of credits and debits. This reduces the number of payment transactions and therefore reduces administrative costs and transaction charges.

This arrangement is codified in respect of Energy Balancing Charges in Section S 3.1.3

In order to ensure that all Transporters continue to operate in accord with this convention it is proposed that paragraph 3.1.3 of Section S be amended to include its application to all invoice types.

There would be greater diversity of arrangements between the Distribution Network Operators requiring Users to adopt differing practices. This would require additional administrative complexity and increased costs.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

This Modification Proposal promotes competition among shippers and suppliers by simplifying and improving arrangements for payment of transportation charges and by keeping banking charges to a minimum.

This Modification Proposal will facilitate continuation of a practice that streamlines administrative operation and reduces costs, which may ultimately be borne by consumers.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

The proposer believes that there will be no impact upon UK Link systems as no changes to invoicing or file formats are associated with this proposal. There may be some minor impact upon the payments systems of individual Transporters. Users have been operating with this process until recent implementation of the Unified Network Code.

The suggested amendment to legal text is the deletion of the word “Balancing” from paragraph 3.1.3 of Section S.

Code Concerned, sections and paragraphs

Section S 3.1.3

Proposer's Representative

Mike Young (British Gas Trading Ltd)

Proposer

Mike Young (British Gas Trading Ltd)

Signature

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