

UNC 0743:

Mod Title: Revisions to User Termination Provisions



Proposer: National Grid NTS

Panel Date: 19th November 2020

Why change?



- Transporters can issue a **Termination Notice** to a User where a **User Default** has occurred under UNC TPD V4.
- **User Default** events include where:
 - the User is proposed to enter a Voluntary Arrangement;
 - an administrative receiver is appointed; or
 - an administration order is made.
- New legislation (the **Corporate Insolvency & Governance Act 2020**) prevents cessation of contracts for the supply of services (subject to certain exceptions) where the relevant company is subject to a '**relevant insolvency procedure**'
- Definition of '**relevant insolvency procedure**' includes the three User Default events listed above

Options



- Legislation overrides UNC to the extent UNC conflicts
 - hence the current rights under the UNC for a Transporter to issue a Termination Notice to a User is already subject to the new legislation
- Whilst the option of '*no change*' was considered (the above principle would apply regardless), it is considered preferable for the UNC to acknowledge the implications of the new legislation

Solution



- It is proposed that the relevant User Termination provisions in TPD V4.3 are amended to reflect they are subject to the new legislation
 - V4.3.1(e) – events or circumstances constituting a User Default, specifically including those that are relevant insolvency procedures
 - V4.3.3 – entitlement for a Transporter to issue a Termination Notice to a User;
 - V4.3.5(b) – issue of Termination Notice for Users where a foreign insolvency practitioner (i.e. outside England and Wales) is appointed

Recommended Steps



The Proposer recommends that this modification should be:

- Subject to self-governance, and
- Workgroup assessment to develop the modification for up to 3 months