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Utility Grid Installations Ltd,
Shippers and other parties.

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5 October 2004

Dear Colleague,

Modification Proposal UGI003: 'Modifications to UGI Network Code Appendix 1 and Section F'

Ofgem have considered the modification proposal and have decided to direct Utility Grid Installations Ltd (UGI) to implement it, as we consider that it will better facilitate the relevant objectives of the UGI network code, as set out in standard condition 9 of its Gas Transporters (GT) licence. In this letter, Ofgem explains the background to the modification proposal and gives reasons for making its decision.

Background to the proposal

This modification proposal was raised as a result of a general review of the UGI network code undertaken by the proposer, Scottish Power. The review identified several areas of the UGI network code which require clarification of the contractual arrangements and obligations.

The modification proposal

This modification proposal seeks to modify the text of Section F so that it better reflects the GTs obligation to provide meter readings where it initiates a supply point isolation. In particular, the GT should obtain a reading and provide it to the relevant shipper with 5 Business Days. The proposal also seeks to include additional definitions for the following terms:

Business Day

is a reference to a Day other than:

- (i) a Saturday, a Sunday or a Bank Holiday in England & Wales, and
- (ii) the day which would (but for this Paragraph (ii)) be the first Business Day after 1st January¹.

¹ This is in recognition of the fact that Bank Holidays in Scotland differ from England & Wales. The Scotland Act 1998 assigns to Scottish Ministers the responsibility for setting bank holidays (Part II of Schedule 5). The Banking and Financial Dealings Act 1971 provides the statutory basis for UK bank holidays; and Schedule 1 to the Act prescribes Scottish bank holidays.

Common Curtilage

For the purposes of paragraph 1.2.2 Common Curtilage is defined as an area which is not crossed by public highways (save where two parts of the site are connected by a tunnel owned by the owners of the site).

Respondents' Views

UGI received four responses to this modification proposal, all of which were supportive. Two respondents supported that increased clarity of obligations upon the GT to provide a meter reading when it carries out an isolation, while another supported the consistency with other Network Codes. The fourth respondent didn't offer substantive comments.

Ofgem's Views

Ofgem's considers that implemented of this modification provide additional clarity, particular in terms of the obligations surrounding an isolation. The additional defined terms will also improve clarity, as well as make the UGI network code more consistent with prevailing industry agreements, leading to fewer misunderstandings and greater efficiency.

Ofgem's decision

Having considered the above issues, Ofgem has decided to direct UGI to implement this modification proposal. If you would like to discuss any aspect of this letter please contact Leigh Henderson on 020 7901 7474.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

Nick Simpson
Director, Modifications