



INDUSTRIAL AND COMMERCIAL

CODE OF PRACTICE

FOR

SUPPLY POINT TRANSFER

(Version 5.0 – January 2009)

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Please note that all Standard Forums for Inter Shipper Disputes and Shipper Agreed Reads can be found on the Gas Forum website, www.gasforum.com.

DEFINITIONS

The following definitions are particularly relevant for this Code of Practice and will be helpful in understanding its content fully. .

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| “Bulletin Board” | Means a listing of supply points open to all Suppliers where Suppliers have waived objection rights to confirmation. |
| “Code” | Means this Industrial and Commercial Code of Practice - Supply Point Transfer. |
| “Contract” | Means an agreement between two or more parties. This could be a letter of intent, memorandum of understanding or a signed gas supply agreement. The exact definition of terms will be as agreed by the parties concerned. |
| “Contract Overrun” | Means any period beyond the relevant Contract end date where Supplier A is still obligated to supply under the terms of its Shipper’s Transportation Agreement in respect of the (relevant) supply point. |
| “Customers” | Contractual parties responsible for the offtake of gas at a relevant supply point. See also “Industrial & Commercial (I&C)”. |
| “Erroneous Transfer (ET)” | An incorrect transfer of a supply point for one or more of the following reasons <ul style="list-style-type: none">• Proven forgery• Incorrect MPRN selected• Cancelled contract not actioned• Misleading information or fraudulent practice (unproven)• Meter technical issues• Customer service returners or bi-lateral agreements |
| “Gas Transporter (GT)” | Means the holder of a licence to operate a system to convey gas granted under Section 7 paragraph 4 of the Gas Act 1986 as amended. |
| “Gas Act Owners” | Person or organisation responsible for making sure the meter complies with all parts of the Gas Act. In particular, that the meter is of the right type and design and is kept in proper working order. The Gas Act owner is the consumer unless the transporter or supplier owns the meter. |
| “I&C Code of Practice Code Cut Off Date” | The Code Cut off Date shall be in relation to any day, within a Formula Year (t) 1 st April in Formula year t-4. These rules allow the Code to align with the UNC Backstop principle introduced through UNC Modification 152V. |
| “iGT” | Independent Gas Transporter |
| “Industrial & Commercial (I&C)” | Shall have the meaning given in the Utilities Act 2000 |
| “Inter Shipper Dispute (ISD)” | The mechanism used between suppliers/shippers for resolving errors in the transfer of supply points. |
| “kWh” | Kilowatt Hours. |
| “M Number” | Meter Point Reference Number. |
| “Meter Asset Manager” | The provision of services to meter owners, GTs, Gas Suppliers or consumers to facilitate the management of meter assets and associated services. These may include contract management, data management and the co-ordination or others services such as installation, replacement and maintenance. |

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| “Meter Asset Provider” | The party responsible for the ongoing provision of the meter installation at that meter point. This could be the Meter Title Owner of the meter of a third party with whom the MAM contracts for the provision of a meter. Where the Title Owner is not directly involved in the Gas Act ownership of the meter, the Meter Asset Provider needs to be identified so that the incoming MAM can make appropriate contractual arrangements for the ongoing provision of the metering equipment in situ at the meter point. |
| “Shipper” | Means the holder of a licence given under Section 7A(2) of the Gas Act 1986 as amended. |
| “Shipper A” | Means the Shipper registered with the Transporters’ Representative as the holder of the gas Transportation Agreement. |
| “Shipper B” | Means the incoming Shipper intending to confirm the supply point with the Transporters’ Representative on behalf of Supplier B. |
| “Shipper Agreed Read (SAR)” | An amended transfer reading mutually agreed by both Supplier A and B |
| “Supplier” | Means the holder of a licence to supply gas given under Section 7A(1) of the Gas Act 1986 as amended or a person excepted from the requirement to hold a licence by virtue of paragraph 5 of Schedule 2A of the Act. |
| “Supplier A” | Means the Supplier currently providing gas to the relevant Customer. |
| “Supplier B” | Means the incoming Supplier intending to provide gas to the relevant Customer. |
| “Transportation Agreement” | Means the agreement that exists between the Shipper and the Gas Transporter to convey gas through pipes to the relevant premises. |
| “Uniform Network Code” | Means the business rules that will govern all gas Shippers who use a Gas Transporter – to convey gas. The document of this name as prepared by the Gas Transporter pursuant to Section 7 of its GT Licence as the same may be amended, varied or replaced from time to time. |
| “Working Days” | Means Monday to Friday 9am until 5pm excluding UK Bank Holidays |

The Gas Forum - Status of the Gas Forum

The Gas Forum is a company limited by guarantee formed to promote the interests of persons and bodies engaged in shipping and supplying gas in the GB Market, by providing a forum for its members to discuss issues affecting the industry and to communicate with outside bodies and the general public.

The Gas Forum is a self-regulatory body and cannot enforce sanctions. Any code or guideline issued by the Gas Forum is therefore no more than generally accepted best practice and the Gas Forum cannot enforce adherence.

PREFACE

The relationships between the various players within the competitive Industrial and Commercial (I&C) gas market are governed by a number of key documents:

- The Gas Act 1986 as amended by Gas Act 1995: this determines the basic legal / regulatory relationships between gas Suppliers, Shippers, GTs and Customers.
- Licences: these are granted to Suppliers, Shippers and Transporters, and contain supplementary obligations placed on the various parties.
- The Uniform Network Codes: which contains the business rules that govern all System Users when using GT pipeline network to convey gas?
- The iGT Uniform Network Code: which contains the business rules that govern all System Users when using the iGT pipeline to convey gas?
- The Utilities Act 2000 - This determines the definitions of Domestic or Non-Domestic Customers and to align the Gas and Electricity Industries

Suppliers and Shippers to the competitive I&C gas market are of the view that there are a number of issues not covered by the above documents, including, in particular, issues relating to the supply point transfer process.

There is need of a mechanism to resolve these issues and for their inclusion in a Code of Practice. This Industrial and Commercial Code of Practice (the "Code") has been prepared by the Gas Forum and member Shipper and Supplier representatives and is intended to cover issues for which there is a need for a common approach by Suppliers and Shippers to the I&C gas market.

It is based upon current versions of the Uniform Network Code, iGT Uniform Network Code and the various licences, in particular the Standard Conditions of the Gas Suppliers' and Gas Shippers' Licences.

SCOPE OF THE CODE

Whilst recognising and focusing on the needs of the Customer, the primary aim of the Code is to address only Supplier to Supplier, and Supplier to Shipper and Shipper to Shipper issues within the Industrial and Commercial gas market. It is not intended to stifle creativity or undermine competition, but to achieve consistency across core processes and to provide guidelines to enable the seamless transfer of supply points.

The detailed relationships between gas Suppliers, gas Shippers, GTs and IGTs are covered in Contracts between those parties and, therefore are not covered by this Code.

The Code does not seek to set standards of Customer Service but aims to highlight areas where communication is required to facilitate the seamless transfer of supply points.

The Code does not attempt to intercede in or impose upon any contractual arrangements between Suppliers and Shippers. Should a Supplier's Shipper not be a signatory to the Code, it remains wholly the responsibility of the Suppliers to ensure that commercial agreements/arrangements with their Shippers are such that they are able to comply fully with and support the contents of the Code.

Similarly, should a Shipper act on behalf of a Supplier that is not a signatory to the Code, it is their responsibility to ensure that agreements / arrangements with their Supplier are such that they are able to comply with and support the relevant sections of the Code.

STATUS OF & ADHERENCE TO THE CODE

It is essential that all Suppliers and Shippers to the competitive Industrial and Commercial gas market act in a responsible manner to protect the interests of Customers. Customers should also benefit greatly from Suppliers and Shippers adopting a consistent approach to the issues covered by the Code and thus minimise potential areas of Customer confusion. The Code has therefore been drafted to encourage **all** Suppliers and Shippers to act in a reasonable and consistent manner with regard to the issues it covers.

All licensed Suppliers and Shippers to the I&C gas market have been asked to sign on to the Code as a commitment that they will abide by the principles contained in it. Although signing the code is voluntary, once signed all signatories are required to comply with all aspects of the Code of Practice.

The terms of the Code will apply prospectively to a company from the effective date as stipulated in that company's letter of application for membership to the Code.

There is no legal vehicle, under the Gas Act 1986 and its associated legislation, to oblige Suppliers and Shippers to adhere to the Code, and as such the Code is not legally binding. However, all Suppliers and Shippers will be reminded of the need for compliance with the Code and that failure to do so may attract adverse publicity and / or pressures from the Gas Forum, Ofgem, and Consumer Focus etc.

Consumer Focus recommends that Customers consider whether their prospective Supplier has adopted the Code before signing a new gas supply Contract. Consumer Focus wants best practice to be incorporated into licence conditions, and will press for this outcome.

Should it be felt that signatories are not complying with the terms of the Code, representations should be addressed to the Escalatory Contact for that signatory, as detailed on the Gas Forum website.

An up-to-date list of licensed gas Suppliers and Shippers to the I&C market who have signed up to the Code can be obtained from the Gas Forum, 7th Floor, Centurion House, 24 Monument Street, London EC3R 8AJ or www.gasforum.co.uk

DEVELOPMENT OF THE CODE

The Code will be regularly reviewed and updated as issues relating to its content are resolved. Any comments regarding the Code should be addressed to the Gas Forum Office at www.gasforum.co.uk.

Suppliers and Shippers are expected to take the basic operating rules and build them into their own detailed operating procedures. In resolving individual issues, the Gas Forum, Consumer Focus and Ofgem will be consulted and updated versions of the Code produced.

The content of the Code will be reviewed as the Industrial and Commercial gas market develops. The Code will be reviewed annually to incorporate any significant changes to the UK gas market. Written representations from Customers, Shippers or Suppliers will be reviewed at this time. As the Code will be voluntary in nature, change will be made on the basis of majority.

OBJECTIVES OF THE CODE

The objectives of the Code are:

- i) To develop a Code of Practice for the Industrial and Commercial market that addresses supply point transfer problems where no express provision is made in the existing Uniform Network Code,, iGT UNC, Gas Act and Licence conditions.
- ii) To assist the Customer to experience a smooth and seamless transition throughout the supply point transfer process within the framework of the Uniform Network Code and iGT Uniform Network Code.
- iii) To identify the specific causes and solutions to supply point transfer problems experienced by Suppliers and Shippers. Issues considered to be outside the remit of this Code will be referred to other working groups for action.
- iv) To recognise the need for Supplier A, Supplier B and their relevant Shippers, to accept responsibility for resolving problems.
- v) To prevent problems before they occur by improving Uniform Network Code communication and co-operation.
- vi) To focus on the Customer and recognise implications to them.
- vii) To ensure appropriate Supplier and Shipper staff are conversant with the Code and adopt its agreed practices accordingly.

viii) To raise the profile of the Code within Shipper/Supplier organisations and the wider industry

All signatories are required to attend one I&C Code of Practice Workgroup meeting in a calendar year (these meetings are currently held quarterly)

ISSUES

1. MANAGING CUSTOMER EXPECTATIONS

Supply Point Transfer Process

All Suppliers should make their Customers aware of the following processes and their impact on the timescales required for transfer of supply point ownership:

i) **Enquiry to Offer**

This stage could take up to 10 working days if the supply point is not referred to the district or rejected by the GT. If referred, the process could take up to an additional 7 working days. If rejected by the Transporters' Representative the process will also be lengthened.

ii) **Confirmation to Successful Transfer of Ownership**

The minimum requirement is 15 working days (excluding Bulletin Board confirmations) and is contingent on the Supplier's Shipper holding valid transportation offers for the relevant supply points.

The Customer should therefore be advised that a reasonable time frame required by the Uniform Network Code to achieve a successful transfer of ownership using the enquiry process is 25 working days. However the complete process could take around 33 working days, including time allowed for transfer referrals, rejections, and Supplier and Shipper processing time. This does not take account of Customer Contract negotiation, which may extend this process.

Responsibilities of Supplier B

Supplier B is responsible for taking the active lead when managing Customer expectations, and in particular initiating communications between the relevant parties.

Supplier B should advise the Customer of any anticipated delays and their cause in a timely manner throughout the transfer process.

Suppliers B will advise the Customer that arrangements are in place to smooth the transfer of supply (see Section 10).

2. PROVISION OF TENDER INFORMATION

At the Customer's request, Supplier A shall provide (without prejudice) the appropriate information to the Customer which will include an "M" number, address, postcode, annual quantity (AQ) and maximum daily and hourly quantities (SOQ, SHQ) for all relevant supply points. This information will be provided within a reasonable timeframe and the Customer shall be informed of this date. The information to be provided will be the GT data as held by Supplier A or their Shipper.

It is recommended for daily-metered supply points that, where possible, Supplier B will via its Shipper validate the information provided by the Customer with the GT prior to nomination.

3. DUPLICATE CONTRACTS

Customers should be advised to only sign Contracts for the supply of gas on a consecutive, not concurrent basis.

The Customer should be advised of their responsibility to terminate their supply agreement in accordance with the terms of that agreement. Supplier A should accept or reject the Customer's notice to terminate.

In the event that the Customer has entered into two supply agreements for the same meter point(s) notwithstanding allocation agreements or sub-deduct meters, all parties should seek clarification and apply reasonable endeavours to resolve the issue to the satisfaction of all parties.

4. SUPPLY POINT CONFIRMATION

Once Supplier B has received a valid Contract from the Customer, Supplier B should request its Shipper to execute a supply point confirmation as soon as possible.

When responding to a tender, Supplier B will indicate to the Customer the minimum notice required to complete the transfer of the supply points.

To prevent possible delays Supplier A should not request its Shipper to amend supply point details (including, but not limited to – supply type change, supply category change or supply configuration change) with the Transporters' Representative where the effective date of the amendment occurs within the last calendar month of Supplier A's Contract. Exceptions to this will be where Supplier A has been so directed by the Customer or has received formal notice of Contract renewal from the Customer, or where requested by Supplier B or the Customer to facilitate a smooth transfer of ownership.

Upon Supplier B's Shipper becoming the registered user of the supply point, that Supplier undertakes via its Shipper, to resolve identified, outstanding supply point inaccuracies, via prevailing the Transporters' Representative procedures.

Should Supplier / Shipper B identify to Supplier / Shipper A that they intend to de-aggregate a supply point currently registered to Shipper A, Supplier / Shipper A will confirm the meter points not due to transfer in such a manner that the effective date of this confirmation will coincide with the effective date of the meter points being de-aggregated by Supplier / Shipper B, providing that there are no grounds for dispute.

5. CHANGE OF SUPPLIER - RIGHTS TO OBJECT

Under Standard Condition 30 of the Standard Gas Suppliers' Licence there are four grounds upon which a Supplier **may** object to the transfer of a Customer from one Supplier to another. These are:

- i) If the customer has a contract with Supplier A, that includes a Right to Object clause.
- ii) Supplier B agrees with Supplier A that the proposed transfer was initiated in error.
- iii) The customer owes Supplier A sum of money that has been outstanding for more than 28 days after a written demand for payment.
- iv) The customer is bound by the provision of his contract with Supplier A for the supply of Gas, which will not expire or terminate before the date of the proposed transfer.

Should Supplier B (via its Shipper) receive an objection to its confirmation, Supplier B will contact the Customer advising them of the objection and suggest that the Customer contact Supplier A. Once in contact Supplier / Shipper A and B will co-operate to resolve the objection.

When objecting, Supplier A will instruct its Shipper to use the text field in the objections file to provide Supplier B with a contact name and phone number of Supplier A.

All Suppliers will register via their Shippers any necessary objections at the earliest opportunity in order to allow sufficient time to resolve and / or withdraw these objections within the time period set out in the Network Code i.e. prior to the confirmation lapsing.

Additionally Supplier A will (via its Shipper) agree to object to a confirmation on behalf of Supplier B in either of the following circumstances:

- i) where the confirmation has taken place in error for whatever reason; or,
- ii) where Supplier B has agreed with the Customer to cancel the Contract and where Supplier A has agreed contractual terms for continuing supply, subject to the appropriate window for objections being open at that time.

6. COMMUNICATION BETWEEN SUPPLIERS / SHIPPERS

It is recognised that, despite all possible actions being taken, it is likely that there will be some Customer transfers which will require direct communication between Supplier / Shipper A and Supplier / Shipper B. Likely reasons may include instances of inaccurate data, duplicate Contracts, erroneous transfers, site works and meter readings.

It is essential that there is a mechanism that assists the resolution of such matters in a timely and efficient manner in order for the Customer to achieve a seamless transfer. Therefore, all Suppliers under the Code operating in the Industrial and Commercial gas market will:

- i) Identify to the Gas Forum Office, a specialist person / team responsible for, and capable of, resolving such matters; including (where possible) a specific email address similar to InterShipperDisputes@organisation.co.uk.

- ii) Supplier B will communicate with Supplier A at the earliest possible opportunity (where appropriate) and the Customer in cases where a seamless transition may not be achievable. In the event Supplier B has not approached that Supplier A, Supplier A (where appropriate) will initiate communication with the Customer.

7. CUSTOMER INVOICING

All Suppliers will take reasonable steps to ensure that they produce their Customers' final accounts and do not continue to bill the Customer thereafter for any gas consumed after the Transportation Agreement has expired. The Customer will be informed in writing that the relevant account has been finalised at the earliest possible opportunity.

It must be understood that the Supplier who is producing the closing account is dependent on the closing reading being provided to them via the Transporters' Representative. Where the opening or closing read provided via the Transporters' Representative is determined to be erroneous, Suppliers will use the "Shipper Agreed Reads procedure" (SAR) to correct the issue. Should timing dictate that a read cannot be processed via the agreed reads procedure the Inter Shipper Dispute (ISD) process will be instigated.

8 TRANSFER READS

Shippers are reminded of their Uniform Network Code obligations to obtain opening meter reads for all transferring sites (includes MRA reads and customer reads). However in practical terms this is not always possible and in the absence of an acceptable actual transfer read, the Transporters' Representative will provide an estimate to both shippers.

This estimate is based on previously submitted actual reads. Where the incumbent shipper has not provided regular meter readings, the estimates can potentially be vastly out of line with actual consumption.

Shippers must make every effort to obtain and submit to the Transporters' Representative frequent meter readings for all their registered meter points.

Where an actual transfer read is obtained but is erroneous this can only be remedied via the ISD procedure.

Where it is identified by either incoming or outgoing shipper that the transfer read is erroneous, both shippers should use all available means to produce a more accurate reading, this can be by contacting the other shipper involved and/or obtaining additional reads from their MRA or the customer. This Shipper will then fill out the SAR proforma and fax to the other Shipper, or where mutually agreed by email.

The receiving Shipper should check all details and respond within 5 working days either accepting the suggested new transfer read or proposing a different one (with supporting information, such as additional meter readings).

Acceptance of the SAR is signified by signature of the SAR form. The approved form must then be faxed, or where agreed emailed back to the originating shipper and to the Transporters' Representative.

On receipt the Transporters' Representative will check that no subsequent actual read has been loaded onto their systems. If there is a subsequent read, the SAR will be rejected and then the ISD process will be following for reconciliation of transportation charges.

If no subsequent read is loaded onto the Transporters' Representative's system, then the SAR will be entered to replace the estimated transfer read and transportation charging for each shipper will be corrected.

8.1 iGTs

Where a meter point is connected to an Independent Gas Transporter, the SAR procedure will stay the same as for GT supply points with the exceptions highlighted below:

- i) The agreed read should be provided to the relevant iGT as they will use it to calculate the corrected volume (except GTC) and pass it to GT as the reconciliation request file (.CRI file).
- ii) If no transfer read has been provided to the iGT prior to the SAR agreement, the confirming and withdrawing shippers should send the SAR to the iGT to ensure there are no conflicting reads for the transfer date held by the iGT. It should be send to iGT via the usual way of read submissions (U01).
- iii) If the incorrect transfer read has been provided to iGT before the SAR agreement the Shipper Agreed Read should be send by confirming and withdrawing shipper to iGTs as follows:

Process for IPL

Readings need to be sent via an excel format - see Appendix 5.

This then needs to be sent to either:
asset@envoyonline.co.uk OR meter.reads@envoyonline.co.uk

Process for ES Pipelines Limited

Readings need to be sent via UO1 format. The format in Appendix 5 will be accepted as well.

These then need to be sent to:

ESCreads@espipelines.com

Process for SSE Pipelines

The read can be provided in the Excel format as in Appendix 5.

Agreed SARs should be used to calculate the volume for the reconciliation. If both shippers are reconciled based on the consumption calculated using SAR reads, no ISD process will be required.

Process for GTC

As transfer reads are generated automatically by GTC, as well as all CRI files, GTC will not create the manual CRI file with the consumption based on the SAR. They will only acknowledge the SAR agreement and put a note about it in their system. Shippers should create the CRI on behalf of GTC including the volume calculated based on the SAR read. CRI should be provided to GTC in order to be forwarded to Xoserve for reconciliation.

9. LICENSING OF METER READERS

Shippers will only engage meter-reading companies who comply with the Ofgem Guidance Notes on Meter Reading Best Practice.

With the introduction of the Review of Gas Metering Arrangements, the concept of Meter Asset Manager (MAM) is introduced. A Supplier should ensure that any MAM contracted to the Supplier, whether or not the Supplier is carrying out MAM tasks on their own behalf, is subject to the Ofgem MAM Code of Practice (MAMCOP).

10. INTER-SHIPPER DISPUTES

It is recognised that even with improved communications and Customer information principles set in place by the Code, in some cases there may still be delays to the transfer of supply points or the erroneous transfer of supply points.

In these instances a procedure to be known as an Inter- Shipper Dispute (ISD) should be utilised subject to the conditions laid out below. Both Shipper/Supplier A & Shipper/Supplier B must agree whether an ISD shall take place within 10 working days from the first request from Shipper/Supplier B. Where there are non standard volumes, these timescales can be amended following mutual agreement.

The ISD process is the mechanism used between Suppliers/Shippers for resolving errors in the transfer of supply points, where the Shipper/Supplier is unable to compensate the customer for late transfer.

- (a) An ISD is acceptable when:
- i) Shipper/Supplier B takes from Shipper/Supplier A in error;
 - ii) Shipper/Supplier B confirms late from Shipper/Supplier A;
 - iii) Shipper/Supplier A objects to a site leaving in error;
 - iv) A shipper-agreed read has failed. Signatories to the Code should abide by the readings on the SAR form if both Shipper/Supplier A and Shipper/Supplier B have signed the form; or
 - v) When all parties agree that an ISD is the best way to resolve the problems, having mutually explored other options such as compensating customers directly.

- (b) An ISD is unacceptable when:
- i) It can be proven that the customer is at fault by failing to provide essential information for the transfer of supply point in sufficient time to allow the suppliers to process the transfer;
 - ii) Costs are under the value of £250 net (unless several lesser amounts that are part of a multi/group contract equate to more than the £250 net minimum);
 - iii) The period between the date of the Supply Point Transfer and the date the SAR is initiated is greater than 13 months; and/or
 - iv) The period between the date of the SAR being agreed and the ISD being initiated is greater than 12 months.
 - For LT the Supply Transfer Date will be considered to be the date at which the Supply Point transferred between Shipper A and Shipper B
 - For ET Supply Transfer Date will be considered to be the date at which the Supply Point is correctly returned to Shipper A

From 1st of January 2009 till 31st March 2009 a "Mop-Up Period" will be introduced. The above acceptable and unacceptable criteria in 10a and 10b will continue to apply but ISDs can be raised in adherence with the I&C Code of Practice Code Cut Off Date. From 1 January 2009, the I&C Cut Off Date has been introduced to align the Code with the UNC Backstop principle introduced through UNC Modification 152V.

This Code Cut off Date shall be in relation to any day, within a Formula Year (t) 1st April in Formula year t-4.

From 1st April 2009, the following rules will apply,

An ISD is acceptable when:

- i) Shipper/Supplier B takes from Shipper/Supplier A in error; or
- ii) Shipper/Supplier B confirms late from Shipper/Supplier A; or
- iii) Shipper/Supplier A objects to a site leaving in error; or
- iv) A shipper-agreed read has failed. Signatories to the Code should abide by the readings on the SAR form if both Shipper/Supplier A and Shipper/Supplier B have signed the form; or
- v) The ISD falls within the Cut Off Date and the value is above £15,000 net
- vi) When all parties agree that an ISD is the best way to resolve the problems, having mutually explored other options such as compensating customers directly.

- (b) An ISD is unacceptable when:
- i) It can be proven that the customer is at fault by failing to provide essential information for the transfer of supply point in sufficient time to allow the suppliers to process the transfer;
 - ii) Costs are under the value of £250 net (unless several lesser amounts that are part of a multi/group contract equate to more than the £250 net minimum);
 - iii) The period between the date of the Supply Point Transfer and the date the SAR is initiated is greater than 13 months; and/or
 - iv) The period between the date of the SAR being agreed and the ISD being initiated is greater than 12 months.
 - v) The ISD Start Date is before the Cut Off Date; or
 - vi) The ISD Start Date is within the Cut off Date but the net value of the ISD is less than £15,000
 - For LT the Supply Transfer Date will be considered to be the date at which the Supply Point transferred between Shipper A and Shipper B

For ET Supply Transfer Date will be considered to be the date at which the Supply Point is correctly returned to Shipper A

11 ISD Process

Suppliers will complete an ISD Pro-forma (see Appendices), which agrees the following details:

- i) effective date of transfer;
- ii) charging mechanism;
- iii) supply points and meters involved;
- iv) invoicing procedures;
- v) payment terms;
- vi) agreement duration.
- vii) GT site or iGT
- viii) If iGT, on RPC pricing mechanism or Legacy

Settlement Process and Cost Calculation

The pricing mechanisms shown below are for use between Suppliers and Shippers in resolving delays in the transfer of supply points.

Unless Supplier / Shipper A specifically agrees otherwise with Supplier / Shipper B, the price mechanisms for the delayed transfer of supply points will apply.

For the resolution of delayed transfers, the Code divides supply points into three categories based upon the supply point's annual quantity (AQ). This is defined as the AQ held by the Transporters' Representative as at Supplier B's intended contract start date, the categories are:

1. Supply points above 73,200 kWh per annum, which are not Daily Metered (Detailed in schedule 1)

- a) For instances where neither or both shippers are at fault or if the GT is at fault in terms of supplying or processing relevant information, the mechanism will comprise the following elements:
 - i) Transportation Charges from NBP
 - ii) Gas Costs based upon daily Market System Average Prices (Daily SAP)
 - iii) Metering Charges

- b) For instances where only one shipper is at fault the mechanism will comprise the following elements:
 - i) Transportation Charges from NBP
 - ii) Metering Charges

This mechanism will ensure there is parity between the underlying costs for instances of ISDs as per a) and b) above, whilst applying a premium where only one shipper is responsible for the delayed / erroneous transfer.

- c) For instances where neither or both shippers are at fault or if the iGT is at fault in terms of supplying or processing relevant information, the mechanism will comprise the following elements:
 - i) Transportation Charges from NBP (refer to Appendix 4 for explanation of what constitutes these charges)
 - ii) Gas Costs based upon daily Market System Average Prices (Daily SAP)
 - iii) Metering Charges

2. Supply Points below 73,200 kWh per annum

Charges are based on the Reconciliation by Difference regime (detailed in Schedule 2). It is likely that most of the charges for sites of this nature will be under £250 as therefore not applicable.

3. Daily Metered Supply Points

Charges are based on the following elements (Detailed in Schedule 3):

Transportation Charges from NBP

Gas Costs based upon daily Market System Average Prices (Daily SAP)

Administration charge of £100.

Daily meter resynchronisation charges (or credits)

Metering Charges

Excluded will be Uniform Network Code Penalties; Supply Point Ratchets and Failure to Interrupt Charges.

Where interruptible supply points are concerned Supplier A remains responsible for any notification of Interruption to the customer until the supply transfers regardless of the contract dates. Supplier B will undertake to ensure their customer is aware of this.

For all daily metered supply points, Supplier B will advise the Customer of their continuing obligation to provide Supplier A with forecasted consumption information

In addition for **all** supply points :

Supplier A should include provision in their Contract to ensure that customers continue their responsibilities in relation to compliance with the Gas Act and with the transporters Network Code, beyond the contract end date and until their supply points are registered with shipper B

Where a supply point is connected to an Independent Gas Transporter (IGT) and registered prior to the implementation of Relative Price Control (January 2004) the Transportation charges used to calculate charges shall be the charges as shown on Shipper A's transportation invoice from the iGT, as stated above. Where the site has been registered after the implementation of Relative Price Control (RPC) 1 January 2004, the charges can also be taken from the iGts transportation invoice, as indicated above.

Erroneous Transfers

The mechanism will be as for delayed transfers and will apply for all Erroneous Transfers.

Guidelines for payment.

- i) 14 days to agree or give reason for non-agreement to charge schedules.
- ii) Invoice payment terms will be 30 days from invoice tax point date.
- iii) Failure to pay within these terms may lead to the Supplier escalating the delays through the escalatory route detailed on Appendix

Shippers/Suppliers are obliged to pay the invoice if signed in agreement unless there is a fundamental error. In this instance, the charges are to be re-calculated and passed for agreement using the same process and time scales.

Pricing Review

These prices and mechanisms will be reviewed in line with the Code review. However, should it be so desired, an extra-ordinary meeting may be requested by no less than three Suppliers or Shippers (of any combination). Sufficient notice of all price review meetings will be notified to the Supplier and Shipper community by the Gas Forum. A majority decision by the signatories to the Code at that time shall be sufficient to effect a change to the prevailing prices. Should no majority be reached, the prevailing prices will continue to apply.

This pricing structure is effective for all supply points with an intended contract start date subsequent to the relevant Suppliers and Shippers being a signatory to this Code.

11. CONTRACT OVERRUNS

Suppliers may include a Contract Overrun (often known as deemed rates) clause within their Contract. This clause will vary through the industry and will be individually defined by Suppliers. All Suppliers must advise the Customer of the implications of the Contract Overrun clause prior to Contract start.

It is acknowledged that if the Customer has not allowed sufficient time for the transfer process after the award of the tender, then the Customer should continue to pay Supplier A under the terms of a Contract Overrun or Deemed Contract Clause.

12. SITE WORKS

In a situation where Supplier A has started Site Works and is not going to supply gas to the site and the Customer has no outstanding contractual obligations to Supplier A, Supplier A should furnish the Customer with the relevant "M" Number, postcode, annual and maximum daily quantities and meter details as required.

13. FILTER FAILURES

If the MRA is unable to provide a meter read within the above timescales, this prompts a Transporters' Representative's estimate to be raised which may be loaded into shipper systems.

Once the incoming supplier/shipper has received the OPNT, this read is forwarded to the outgoing supplier/supplier as their final read (FINT). On receipt of the next cyclical read the calculated GT volume for the period will either pass or fail the Transporters' Representative's invoicing tolerances and thus generate a filter failure.

If, when the SAR is generated to start and finalise the customers billing, there is a transportation charge (debit/credit) greater than £25k, the Shipper can contact the Transporters' Representative to carry out a volume adjustment on their behalf. The mechanism for this is detailed in Appendix X

The Transporters' Representative will ignore the erroneous transfer read and apportion volume across both shippers. The Shipper, if happy with the volume calculated against their licence, can authorise release of this adjustment by faxing back an agreement form to the Transporters' Representative. The filter failure will then clear and the agreed volume released on the next available reconciliation invoice.

APPENDICES

Industrial & Commercial Code of Practice

Appendix 1 - Schedule 1 - Inter-Shipper/Supplier Prices for Non Daily Metered Sites

- a) For instances where neither or both shippers are at fault or if the GT is at fault in terms of supplying or processing relevant information, the mechanism will comprise the following elements:
- i) Commodity Transportation Charges from NBP
 - ii) Gas Costs based upon daily Market System Average Prices (Daily SAP)
 - iii) Metering Charges
- b) For instances where only one shipper is at fault the mechanism will comprise the following elements:
- i) Commodity and Capacity Transportation Charges from NBP
 - ii) Gas Costs based upon daily Market System Average Prices (Daily SAP)
 - iii) Metering Charges

Calculation of System Average Price (SAP)

SAP from National Grid published cashout price - <http://info.nationalgridgas.co.uk>

Index of reports

Choose NORDO1

Enter last day of the previous month and click Submit query

Click on Cashout Balancing Prices

This will be the period average daily SAP.

The period will be made up of the total number of days of the transfer delay.

e.g.

Intended start date 1 February 2006

Actual transfer date 5 February 2006

Number of delayed days = 5

Average Period Daily SAP = (Published daily prices for 1 Feb + 2 Feb + 3 Feb + 4 Feb + 5Feb)

Industrial & Commercial Code of Practice

Appendix 2 - Schedule 2 - Inter-Shipper/Supplier Prices for Sites with AQ <72,300

RBD Calculator

RBD Charges for Sites <73,200 kWh

- Capacity Charges. (Applied Pence /Per SOQ/ Per day)
 - NNX (NTS NDM Exit Capacity) this is applied at a standard rate, which is allocated per DZ.
 - ZCA (LDZ Capacity Charge). Charged at a rate of 0.0481p.
- Commodity Charges. (Applied Pence Per kWh)
 - NCO (NTS Commodity) Charged at 0.0177p.
 - ZCO (LDZ Commodity) Charged at 0.1284 p.
 - CCO (Customer Commodity) charged at 0.1430p.

To be based on relevant DNs applicable transportation charging statement.

Charges would therefore be calculated as follows:

Daily charge of NNX (per LDZ) + 0.0481 (only applicable in ISDs)

Plus

Throughput charge of 0.2891p per kWh used (AQ divided by 365)

Industrial & Commercial Code of Practice

Appendix 3 - Schedule 3 - Inter-Shipper/Supplier Prices for Daily Metered Sites

Charges are based on the following elements

- i) Transportation Charges from NBP
- ii) Gas costs based upon daily Market System Average Prices (Daily SAP)
- iii) Daily meter resynchronisation charges (or credits)
- iv) Metering Charges

Excluded will be Uniform Network Code Penalties, supply point ratchets and Failure to Interrupt Charges.

Where interruptible Supply Points are concerned Supplier A remains responsible for any notification of Interruption to the customer until the supply transfers regardless of the contract dates. Supplier B will undertake to ensure their customer is aware of this.

For all Daily Metered Supply Points, Supplier B will advise the Customer of their continuing obligation to provide Supplier A with forecasted consumption information

Appendix 4 - DISPUTE PROCEDURE FOR CODE NON-COMPLIANCE

Should a signatory have a cause for concern regarding non-compliance with the Code of Practice by any other signatory, then that signatory should:

- 1) Raise their concerns, through their nominated representative, with the other signatory or signatory's representative with whom their concern relates. Initially, a dialogue should be established between the named Gas Forum representatives. It is envisaged that the majority of these issues will be resolved at this early stage.
- 2) Some compliance issues may not readily be resolved in the simplistic manner mentioned above. If the issues cannot be resolved with the Level 1 contact as detailed in Appendix 8, the matter should be escalated to the Level 2 contact. If further escalation is required, the Level 3 and so on contacts for each Supplier/Shipper should enter into discussion to resolve the issues.
- 3) Other issues may be common to more than one signatory and therefore may benefit from an open discussion at the I&C Code of Practice Workgroup
- 4) If the issues cannot be resolved in Open Discussion or via the Level 3 contacts within each organisation. The matter will be referred to the Gas Forum Executive for resolution.

Details of the Contact Details for all Signatories to the I&C CoP can be found on the Gas Forum Website. www.gasforum.co.uk.

Customer Complaints

Should Customers believe that a signatory has not abided by the terms of the Code, the Customer should make representations in line with the section 'Status of & Adherence to the Code'. Complaints received by the Gas Forum will be logged, passed to the relevant parties and monitored for resolution.

Appendix 5 – FILE FORMAT FOR IGT REPLACEMENT READS

| | Meter Read Date | Meter Read | MSN | Read Type | Read Source |
|---|----------------------------|-----------------------|------------|------------------|------------------------|
| 0 | YYYYMMDD | 0 | 0 | O/N | E |

KEY

O - Opening Read
N - Non Opening
Read

CODE OF PRACTICE REGISTER

(As at 01/01/2009)

Code: Industrial & Commercial Code of Practice - Supply Point Transfer

Current Version: 5.0

Issued: January 2009

Signatories:

| Company | Trading Company | Signature date | Short Codes Signed to the Code |
|------------------------------|------------------------------|-----------------------|---------------------------------------|
| BP | BP Gas Marketing Ltd. | | |
| British Gas Business | British Gas Business | | |
| Contract Natural Gas Limited | Contract Natural Gas Limited | | |
| Corona Energy | Corona Energy 1,2,3,4 | | |
| Countrywide Gas | Countrywide Gas | | |
| EDF Energy | EDF Energy | | |
| E.ON Energy | E.ON Energy | | |
| Midlands Gas | Midlands Gas | | |
| Npower Business | Npower | | |
| E.ON Energy | E.ON Energy | | |
| Scottish & Southern Energy | Scottish & Southern Energy | | |
| Scottish Power | Scottish Power | | |
| Shell Gas Direct | Shell Gas Direct | | |
| Statoil (U.K.) Ltd | Statoil (UK) Ltd | | |
| Total Gas and Power | Total Gas and Power | | |