

25th May 2007

Transportation Network Code Proposed Modification 5 Initial Modification Report

1 Introduction

BGE(NI) (“the Transporter”) has prepared this report in accordance with Sections 3 and 4 of the BGE(NI) Transportation Network Code Modification Rules.

2 Proposed Modification

Background

The Transporter has been requested by the Northern Ireland Authority for Utility Regulation (NIAUR) to progress this modification due to proposed changes to the licence structure of Phoenix Natural Gas Limited (PNGL), to maintain consistency with the other Northern Ireland Transmission Codes.

Phoenix Natural Gas Ltd (PNGL) currently has a Combined Gas Licence, which includes a gas supply element. Due to required business separation the supply element of the licence is soon to be revoked leaving Phoenix Natural gas Ltd with a licence to convey gas only. Phoenix Supply Ltd will continue to hold a valid gas supply licence.

- Currently Section 16 of the BGE(NI) Transportation Network Code titled “Termination”, states:

16.2.1 *The Transporter shall declare a “Termination Default”, if the Shipper:*

(d) *having an Exit Point Registration in respect of an Exit Point in Northern Ireland, ceases to hold a valid Gas Supply Licence.*

Therefore, under this clause of the BGE(NI) Transportation Network Code, the Transporter is required to terminate PNGL’s existing Accession Agreement if they cease to hold a valid Gas Supply License, irrespective of whether the Authority has provided consent to hold an Exit Point Registration without a Gas Supply Licence.

Modification Proposal

To allow Phoenix Natural Gas Ltd (PNGL) to continue to book and hold Capacity on the BGE(NI) Network (“NI Network”) on behalf of Shippers to Greater Belfast, and to avoid Termination of PNGL’s Accession Agreement, the following modification is proposed:

This modification proposal amends the BGE(NI) Transportation Network Code such that the Transporter is not required to terminate a Shippers Accession Agreement if the NIAUR provides the consent for that Shipper to either hold Capacity or exit the NI Network as if it had a Gas Supply Licence, provided that the Shipper submits to the Transporter a copy of this consent.

In addition to the above, the Transporter also proposes some associated clarifications to the Definitions section of the Code as outlined in Part C of this Proposed Modification below.

3 Modification proposed by:

The Transporter

4 Proposed Modification submitted:

25th May 2007

5 Transporter Opinion of the Code Modification

The Transporter supports the proposal as it has been requested by NIAUR to ensure consistency between the various DPO Codes in Northern Ireland.

6 Impact on other Designated Pipeline Operator's Network Codes:

The Transporter has consulted with the other DPO's in respect of this Proposed Modification 5 and a similar modification may be required to the other DPO network codes to ensure consistency between the codes.

7 How the modification better facilitates the relevant objective

The modification facilitates a continued level of consistency between the BGE(NI) Code, PTL Code and PNGL Code, and in addition facilitates continuation of existing arrangements for Phoenix Natural Gas Ltd (PNGL) to book and hold Capacity on behalf of all shippers to Greater Belfast.

8 Sections and parts of the Code that would require amending

See appendix 1 at the end of this document for details of the modifications to the BGE(NI) Transportation Network Code.

9 Consultation period for Initial Modification Report

Comments are requested on or before 22nd June 2007 (20 Business Days from publication of this Initial Modification Report).

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Or by post to: Address: Fran McFadden
Bord Gais Networks
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7 Likely Implementation Date:

The Transporter proposes that the modification be implemented 5 Business Days after NIAUR approval of the modification.

APPENDIX 1

The proposed changes to the following sections of the BGE (NI) Transportation Network Code are outlined below.

16.2.1 The Transporter shall declare a “Termination Default”, if the Shipper:

- (d) having an Exit Point Registration in respect of an Exit Point in Northern Ireland, ceases to hold a valid Gas Supply Licence unless that Shipper has the consent from the Authority to either:
- (i) hold Reserved Capacity; or
 - (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence,
- provided that the Shipper submits to the Transporter a copy of such consent from the Authority;

17.5.6 Section 17.5.5 shall not apply in respect of any Shipper, or Prospective Shipper, that does not have a Gas Supply Licence, but does with the Authority’s consent either:

- (i) hold Reserved Capacity; or
- (ii) have entitlement to Exit gas from the NI Network as if it had a Gas Supply Licence.

provided that the Shipper submits to the Transporter a copy of such consent from the Authority;

Two additional modifications are also proposed to **Appendix 1 (Definitions and Interpretation)** of the Network Code to clarify definitions of “Gas Supplier” and “Phoenix Distribution” as follows:

- Modify the Definition of Gas Supplier in the Network Code as follows:

“**Gas Supplier**” shall have the meaning given to it in the Licence [section 2A.1.1 Definitions](#);

- Modify the Definition of “Phoenix Distribution” in the Network Code as follows:

Change from:

“**Phoenix Distribution**” [insert legal name] or the holder for the time being of capacity at the Lisburn Exit Point;

Change to:

“**Phoenix Distribution**” [means Phoenix Natural Gas Limited](#) or the holder for the time being of capacity at the Lisburn Exit Point;