

APPLICATION FOR CONSENT TO MODIFY THE UNIFORM NETWORK CODE

"Revision to Section J and Section K"

Version 1.0

Reference: C013

Transporter Proposal

Consent to Modify request – ‘Specific References in section K and section J’

Section J

As part of this request for Consent to Modify National Grid NTS has identified an erroneous reference in section J paragraph 7.3.2 it refers to 4.5.5(a) or (b) – which doesn't exist. The reference should refer to 4.5.6. (a) or (b). Paragraph 4.5.6 cross references 7.3.2.

Section K

Amendment proposed;

Section K 4.2.6 does not reflect the correct provisions in paragraph 4.2.4. The cross reference errors occurred as a result of the implementation of legal text for approved Modification Proposal 0311 'Operational Use of Storage post Unbundling'. National Grid NTS considers that the correct references for paragraph 4.2.6 can be achieved through a Consent to Modify. Such an amendment is justified on the basis that it would appropriately reflect the intent of implemented Modification Proposal 0311.

Nature of Modification

Section J

“7.3.2 Where (at any time) more than one User has made a request pursuant to paragraph 4.5.56(a) or (b), Transco NTS shall consider such requests on the basis of such allocation principles as Transco NTS shall from time to time establish and publish for the purposes of this paragraph 7.3.2.

4.5.6 Where, upon a request to that effect, the Transporter determines that it is feasible, consistently (so far as the Transporter can judge in the circumstances) with the expectation in paragraph 4.5.7, and in the case of Transco NTS, in accordance with paragraph 7.3.2, to make gas available for offtake:

(a) at the relevant System Exit Point at a changed rate of offtake (specified in such request) upon a lesser period of notice than that referred to in paragraph 4.5.4, the Offtake Profile Notice may be modified in accordance with such request;

(b) at an NTS/LDZ Offtake, in accordance with a request pursuant to paragraph 7.3.1, an Offtake Profile Notice may be submitted or modified in accordance with such request.”

Section K

The changes required under the proposed consent to modify are as follows:

UNC : K 4.2.6

"For the purposes of this paragraph 4 "Net Margins WACOG" is:

Operating Margins WACOG calculated in accordance with this paragraph 4.2 but on the basis that the amounts under paragraphs 4.2.4(ed) and (ef) are excluded from such calculation, and that in respect of amounts under paragraphs 4.2.4 [(a), ~~and (b)~~ and (c)] an appropriate deduction shall be made to remove amounts reflected in the value of the gas or gas-in-storage acquired for Operating Margins Purposes attributable to Transportation Charges and injection charges at the rates applicable at the start of the relevant Storage Year."

UNC K4.2.4 costs are:

- (a) Carry over margins gas
- (b) Accrued OM gas purchased at entry or acquired as trade
- (c) Accrued from storage transfer
- (d) OM transportation charges
- (e) OM balancing charges
- (f) Injections charges
- (g) User agent fees
- (h) Withdrawal charges

National Grid NTS considers that the current reference to excluding storage transfer and OM Balancing charges from the OM Net WACOG are inappropriate as such charges reflect actual costs for acquiring gas for OM. It is appropriate for the Transportation charges and Injection charges to be excluded from the Net Margins WACOG as these charges do not reflect the cost of the gas acquired for OM. When OM gas is used, National Grid NTS recovers the net WACOG less SMP sell, in accordance with section K4.3. Where OM gas is sold, when the new OM requirement at a facility is lower than prevailing OM gas in store, WACOG gross of injection and transportation is recovered.

Additionally National Grid NTS notes that under current drafting, carried over margins gas and accrued OM gas purchased at entry point or through trades shall have appropriate deductions made which remove the amount reflected in the value of the gas-in-storage acquired for OM purposes that are attributable to transportation charges and injection charges. National Grid NTS believes that the intent of the changes required, as part of Modification Proposal 0311, also required the same deduction to be applied to accrued storage transfers.

Transporter Application

This application contains the Transporters' proposal to modify the Uniform Network Code for which they now seek the consent of the Authority

Signed for and on behalf of Transporter.

Signature:

Tim Davis
Chief Executive Joint Office of Gas Transporters

Date:

Gas and Electricity Markets Authority Response:

In accordance with Standard Special Condition A11 'Network Code and the Uniform Network Code' of the Gas Transporters Licence, I hereby consent to the above modification to the Code

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

Date: