Modification Report Provision of Available Interruption Information Modification Reference Number 0045

Version 50

This Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 9.6.

1. The Modification Proposal

The Proposal was as follows:

"It is proposed that DNO Users be required to provide to Transco NTS by 18:00 ahead of the Gas Day their best estimate of the gas flows that will be available for Interruption in each LDZ. This information is currently derived from the "Interruption Manager" software run by Distribution National Control Centre "DNCC". To ensure that Transco NTS has the information it requires for the coming winter, implementation is proposed to be no later than end of October 2005.

The Offtake Arrangements Document "OAD" provides for the provision of information on the capacity available for interruption based upon Supply Point Capacities (SOQs). However, in practice SOQs are of limited use to Transco NTS's (and the DNO's) control centres; generally they overstate the available interruption capacity. Prior to Network sales, "Interruption Manager", which uses actual flow measurements, was available to the whole of Transco. The information is now only available to DNOs (through the DNCC).

Transco NTS considers that this Proposal should be implemented so that Transco NTS would have the enhanced level of information that was available prior to separation of transportation and distribution to assist making the most efficient and economic demand management actions."

SSE stated 'SSE is generally supportive of developments that seek to enhance information provision between UNC parties to the benefit of the economic and efficient operation of the system. Our understanding is that this proposal would ensure that Transco NTS continues to receive accurate and timely information from the DNOs, which would improve its operational decision-making process.'

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

In this Proposal, Transco NTS (the Proposer) considered the Proposal "would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence:

- in respect of paragraph A11.1(a), the Proposal would facilitate the efficient and economic operation of the NTS pipe-line system by enabling Emergency and capacity management decisions to be made using more accurate information than would otherwise be the case; and
- in respect of paragraph A11.1(b), the Proposal would facilitate the coordinated, efficient and economic operation of the combined pipe-line

system by increasing the effectiveness of interruptions within distribution networks where initiated by Transco NTS."

BGT stated: 'We believe that it would further the relevant objectives of a coordinated, efficient and economic operation of the combined pipe-line system'

NGN stated: 'We concur with the view that implementation would better facilitate the Relevant Objectives, specifically A11.1 (a), the Proposal would facilitate the efficient and economic operation of the NTS pipe-line system by enabling Emergency and capacity management decisions to be made using more accurate information than would otherwise be the case.'

SSE agreed with the proposer that the proposal if implemented would better facilitate the two relevant objectives "Standard Special Condition A.11(a) and (b)" and added 'As a result of the above we would also expect there to be associated benefits for gas shippers and customers, as operational and emergency decision-making by all transporters would be well-informed and more efficient.'

WWU stated: 'WWU believes that this proposal furthers the code relevant objective, set out within Standard Special Condition A11.1b of the Gas Transporters Licence, of facilitating the co-ordinated, efficient and economic operation of the combined pipe-line system.'

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

In this Proposal, the Proposer did "not believe this Proposal, if implemented, would have implications for industry fragmentation."

The Proposer also believed that, if implemented, this Modification Proposal would "increase security of supply within DNs by ensuring that interruption requests are more effective thereby minimising the risk that adequate pressures to DNs cannot be maintained."

SSE stated: 'We consider implementation of the proposal would be beneficial to security of supply and the operation of the Total System as the Transporters will be able to make efficient operational decisions on their respective networks. This will enhance their ability to meet all reasonable demand for gas thereby satisfying their licence (Standard Special Conditions A17 and A9) and statutory obligations.'

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

In this Proposal, the Proposer suggested that implementation would ensure that Transco NTS had "access to the same type of interruption availability information as prior to Network sales. This will ensure that transportation capacity management actions are taken in light of the best available information, thereby assisting Transco NTS making the most efficient and economic demand management actions."

b) development and capital cost and operating cost implications:

In this Proposal, the Proposer believed that "this Proposal, if implemented, would have no development or capital cost implications." It is possible that there would be a small impact on operating costs in the Distribution Control Centre.

Several respondents commented that systems changes relating to ongoing provision of data had not been fully qualified. There was a mixed response as regards the likelihood of increased costs. These are listed below:

NGN stated: 'The extent to which system changes are required for ongoing provision in subsequent years has not been fully qualified, however indications are that costs should be minimal.'

SGN stated: '...SGN believes a simple and pragmatic solution could be implemented to allow daily extraction of information. Further work is required in this area. An impact assessment will need to be carried out. Once available further consideration could be given to the mechanics of implementation. As the legal text is not specific in this area, this needn't affect progress of this proposal.'

SSE stated: 'The proposer makes reference to the "Interruption Manager" system, which prior to Network Sales was used by the integrated Transco. We presume that any systems implications arising from implementing the proposal will have been investigated and assessed by the Transporters.'

NGD stated: 'Further work is therefore required to ensure that the most economic and efficient mechanism is developed to facilitate the provision of this data.'

TNTS stated: 'The Workstream discussed the frequency of information provision and considered that daily provision would provide Transco NTS the most up-to-date information to best inform its decision-making process, but that this would need to be considered against the costs of providing the information. Such costs depend on the complexity of information provision and whether any supporting IT systems are required to be developed or amended. Transco NTS would like to clarify that it would accept a single screen print from the SC2004 Interruption Manager system, containing the relevant information for all LDZs, faxed from the DNCC on behalf of DNO Users. We consider that this process would create negligible additional operating costs and no development cost to DNO Users.'

WWU stated: 'WWU understands that this modification can be implemented by our System Operator Service Provider (National Grid DNCC) for winter 2005/6. However further work is required to complete an impact assessment for future years when system changes will require a different solution. This work has been commissioned from the Service Provider but is not available to include in this response.'

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

In this Proposal, the Proposer did not believe that implementation of this Proposal would require it "to recover any additional costs."

No comments were received on this aspect within the representations.

d) analysis of the consequences (if any) this proposal would have on price regulation:

In this Proposal, the Proposer did not "believe this Proposal, if implemented, would have any consequences on price regulation."

No comments were received on this aspect within the representations.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

In this Proposal, the Proposer did not "envisage any such consequences."

No comments were received on this aspect within the representations.

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

In this Proposal, the Proposer did not "envisage any such consequences."

No comments were received on this aspect within the representations.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

The Proposer did not "envisage any such consequences." and stated that no "systems or process impacts have been identified."

SSE did not believe that there should be "any additional risks or costs for Users associated with implementing the proposal'

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

SSE stated: 'Implementation of the proposal ought to provide greater certainty for consumers that DN interruption initiated by Transco NTS will be called on the basis of accurate and timely information.'

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

No comments were received on this aspect within the representations.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages of the Proposal

In this Proposal, the Proposer considered "that this Proposal will ensure that Transco NTS is able to undertake Emergency and capacity management actions in the light of the best available information, thereby assisting Transco NTS making the most efficient and economic demand management actions."

SSE stated 'We agree with the advantages advocated by the proposer for the Transporters.'

Disadvantages of the Proposal

In this Proposal the Proposer did not "envisage any disadvantages"

No comments were received on this aspect within the representations.

11. Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations were received from eight respondents. These are listed below.

British Gas Trading Limited	(BGT	In Support
Northern Gas Networks	(NGN)	In Support
RWE Npower	(RWE)	In Support
Scotia Gas Networks	(SGN)	In Support
Scottish and Southern Energy plc	(SSE)	In Support
National Grid Distribution	(NGD)	Qualified Support
Transco NTS	(TNTS)	In Support
Wales and West Utilities	(WWU)	In Support

11.1 Timing of introduction of new process

NGN stated: 'Implementation for winter 2005/6 can be accommodated by use of existing systems which are currently available to DNCC and GNCC.'

Similarly, SGN stated: 'SGN does not believe that changes are specifically required as a matter of urgency for this coming winter. SGN understands that GNCC currently has access to the same data as was available prior to DN sale.

NGD stated: 'UKT will continue to have access to SC2004 and therefore the relevant data for this winter and will therefore be able to manage interruption.'

11.2 Frequency of data transfer

NGD stated: 'Although Transco supports the principle that UKT should have access to this information, it is unable to support either the timing or periodicity of its provision as stated in the proposal. National Grid Distribution is not convinced that this data will vary sufficiently to require its daily update to UKT on every day of the year. For example following a day when no interruption has been called.'

11.3 Other comments

SGN stated: 'SGN notes the proposed legal text suggests the proposal should be implemented by inserting a new clause in the OAD Section I 5.1, requiring DNOs to provide information on a daily basis at 18:00 on the preceding day. There is no suggestion that existing provisions will be removed. The DNO would still be required to provide an annual statement with updates from time to time or as soon as practicable after any material change. Such information would continue to be based on Supply Point Capacity. Given the comments made above and by UKT in the modification proposal, we question whether this will be necessary or appropriate.'

NGD stated: 'National Grid Distribution would therefore recommend a revised modification is raised immediately which would allow each DNO to provide to Transco NTS with a statement of the DNO's best estimate of the aggregate daily gas flows at Interruptible LDZ Supply Points in each LDZ that will be available for Interruption. The format and timing would then be agreed by the parties from time to time and detailed in the Offtake Communications Document.'

The SME notes that the Modification Rules do not allow this Proposal to be amended at this stage. However, each UNC party is at liberty to raise one or more Modification Proposals and the respondent may wish to consider doing this.

12. The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

No comments were received on this aspect within the representations.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

No comments were received on this aspect within the representations.

14. Programme for works required as a consequence of implementing the Modification Proposal

No programme for works has been identified.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

The Proposer suggested an implementation date of 1 November 2005 so that the daily information identified within this Proposal would be provided from the onset of the 2005/6 Winter.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No comments were received on this aspect within the representations.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

At the Modification Panel meeting held on 20 October 2005, of the 9 Voting Members present, capable of casting 10 votes, 10 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this proposal.

18. Transporter's Proposal

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

UNIFORM NETWORK CODE - OFFTAKE ARRANGEMENTS DOCUMENT SECTION I

NTS OPERATIONAL FLOWS

Add new paragraph 5.1.4 and renumber existing paragraph 5.1.4 as 5.1.5 to read.:

- "5.1.4 Each DNO shall, in respect of each Day, provide to Transco NTS, by 18:00 hours on the Preceding Day, a statement of its best estimate of the aggregate daily gas flows at Interruptible LDZ Supply Points in each of its LDZs that will be available for Interruption on that Day.
- 5.1.5 In this paragraph 5, a reference to Interruption in respect of an Exit Zone is to Interruption of LDZ Interruptible Supply Points which will reduce the flow of gas at Offtakes in that Exit Zone."

Joint Office of Gas Transporters

Subject Matter Expert sign off:
I confirm that I have prepared this modification report in accordance with the Modification Rules.
Signature:
Date:
Signed for and on behalf of Relevant Gas Transporters:
Tim Davis Chief Executive, Joint Office of Gas Transporters
Signature:
Date: