

Modification Report
Modification Reference Number 0231

This Modification Report is made pursuant to Rule 7.4 of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

The modification proposes to clarify the Network Code wording to properly reflect the step change renomination service which is already in use. Functionality for multi step renominations was introduced in Release 3 (April 1997) of AT Link, and allows shippers to enter multiple renominations with respect to a specific meter point in one action. The objective of this modification is to explicitly acknowledge the provision of this service within the Network Code to broaden industry awareness of the facility and to allay concerns that it may be withdrawn.

A step change renomination is defined as a renomination which specifies the nomination quantity for each remaining hour of the day, enabling shippers to enter multiple renominations and effective times to accurately reflect expected variations in offtake at DM sites. Consistent with current renomination rules, shippers should not be entitled to make a step change renomination if a negative implied flow rate results for any hour of the day. It is further proposed that the threshold of one half of the percentage of the relevant balancing tolerance, above which a renomination must increase or decrease the nomination quantity, should apply, except where the step change renomination does not change the end of day quantity.

2. Transco's opinion:

Transco believes step change functionality to be an advantageous tool in terms of information flows at DM supply point offtakes and potentially at Interconnectors. The service saves time for shippers through a less cumbersome renominations process and benefits Transco through more timely knowledge of shippers' renominations. Usage is particularly appropriate when making short period renominations during the day, for example, to post the renomination for the amount of gas to be offtaken until the end of the day and a subsequent renomination to reflect the flow ceasing before the end of the day.

Following discussions at the Energy Workstream, Transco is of the view that minor amendments to the Code are necessary in order to provide transparent guidelines for the use of the service, thereby allowing the industry to derive maximum benefits.

3. **Extent to which the proposed modification would better facilitate the relevant objectives:**

Condition 7, Relevant Objective (b)

This modification proposal facilitates clearer, more accurate provision of information from shippers to Transco in the renominations process. Better information improves the quality of balancing decisions and thereby enhances the efficient operation of the system.

Condition 7, Relevant Objective (c)

Specifically encoding the service through this modification proposal ensures all shippers are aware of the facility.

4. **The implications for Transco of implementing the Modification Proposal, including:**

a) **implications for the operation of the System and any BG Storage Facility:**

Transco is not aware of any impact on the System or on any BG Storage Facility.

b) **development and capital cost and operating cost implications:**

Costs incurred to develop functionality have been borne by Transco.

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

Costs will be included in normal operating expenditure.

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

Transco is not aware of any impact on price regulation.

5. **The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal:**

Transco is not aware of any changes to the level of contractual risk.

6. **The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers:**

The required changes to functionality on AT Link have already been implemented, however, Transco is investigating possibilities to make the functionality more user friendly.

7. **The implications of implementing the Modification Proposal for Relevant Shippers:**

Shippers have appropriate Network Code rules to refer to when making step change renominations and all shippers are aware of the facility.

8. **The implications of implementing of the Modification Proposal for terminal operators, suppliers, producers and, any Non-Network Code Party:**

Transco is not aware of any impact on terminal operators, suppliers, producers and any other non-Network Code Party.

9. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party of implementing the Modification Proposal:**

Transco has not been informed of any consequences on the legislative and regulatory obligations and contractual relationships of implementing this modification.

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

Advantages: Specific rules are provided for shippers making step change renominations.
Industry awareness of the facility is broadened.

Transco is not aware of any disadvantages of implementing this modification.

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

Representations have been received from: **Mobil Gas Marketing, Shell Gas Direct, British Gas Trading, Scottish Hydro Electric, BP Gas and Southern Electric Gas.** Representations were brief, but all respondents supported the modification.

12. **The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**

The modification is not required to facilitate compliance with safety or other legislation.

13. **The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement; furnished by Transco under Standard Condition 3(1) of the Licence:**

This modification is not required to comply with the above clause.

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

No programme of works is considered necessary.

15. **Proposed implementation timetable (inc timetable for any necessary information systems changes):**

Functionality is already in place, therefore no implementation timetable is necessary. The proposed implementation date of this modification is 1 July 1998.

16. **Recommendation concerning the implementation of the Modification Proposal:**

This modification should be implemented as soon as possible to provide Network Code rules for the use of step change renominations.

17. **Restrictive Trade Practices Act:**

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. **Transco's Proposal:**

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Director General in accordance with this report.

19. **Text provided pursuant to Rule 7.3**

Section C

Amend paragraph 1.1.2 (ii) as follows:

"a "**Renomination**" is a Nomination which revises an earlier Nomination (including a Renomination) under paragraph 5, and includes a New Renomination (in accordance with paragraph 5.1.11(a)) and a Step Change Renomination (in accordance with paragraph 5.1.11 (e));"

Amend paragraph 5.1.4 (iv) as follows:

"(iv) if the Implied Nomination Flow Rate (in the case of a Step Change Renomination in respect of any hour of the Day) is less than zero;"

Add paragraph 5.1.11 (e) (NEW)

(e) a "**Step Change Renomination**" is a Renomination which specifies the Nomination Quantity for each remaining hour of the Day.

Amend paragraph 5.2.3 as follows:

"A User may (subject to paragraph 5.1.4):

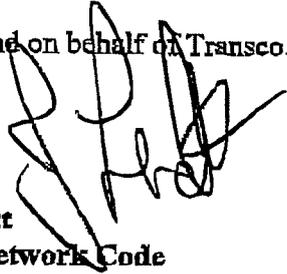
(i) by making a Renomination revise its Output Nomination for the Gas Flow Day in respect of any DMC Supply Point Component, relevant Connected System Exit Point or any DMA Supply Point Group by increasing or decreasing the Nominated Quantity by not less than 1/2 of the Applicable Imbalance Tolerance Percentage (in accordance with Section F2.2.2) except in the case of a Step Change Renomination where there is no increase or decrease in the Nominated Quantity; or

(ii) if the User has not earlier made an Output Nomination for the Gas Flow Day in respect of any DMC Supply Point Component, relevant Connected System Exit Point or DMA Supply Point Group, make an original Output Nomination (in respect thereof) for a Nomination Quantity determined by the User, and

(iii) by making a Step Change Renomination change the Nominated Quantity."

Signed for and on behalf of Transco.

Signature:



John Lockett
Manager, Network Code

Date: 8.9.98

Director General of Gas Supply Response:

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference 0231, version 1.1 dated 07/09/98 be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:



Rebecca Purves
Head of Gas Balancing

Date: 11 September 1998

The Network Code is hereby modified, with effect from 11/9/98, in accordance with the proposal as set out in this Modification Report, version 1.1.

Signature:



Process Manager - Network Code
Transco

Date:

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

- 1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:
- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

- 1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.