NETWORK CODE MODIFICATION PROPOSAL No. 0448
"Removal of Output Unauthorised Gas Flow charges from the Network Code"

Date: 18 December 2000

Proposed Implementation Date: 01/02/2001

Urgency: Non-Urgent

Justification

The removal of output UGF from the Network Code has been repeatedly raised as an issue since Modification Proposal 069 was raised in 1996.

The original intention of UGF charges was to encourage shippers to make nominations at entry and exit points, which would provide valuable information to Transco to enable both accurate system scheduling and NDM demand forecasts to be produced.

However, a shipper can avoid UGF charges by entering a zero against the relevant activity on AT-LINK. This can be administratively burdensome for shippers and dependent on the number of nominations that have to be entered, can lead to oversights. Such an oversight would result in a UGF charge at SMP. The level of this charge is inconsistent with the negligible impact on Transco's ability to correctly schedule outputs on the system.

Modification 232 - Removal of Input UGF at Sub-Terminals was implemented in August 1998 and resulted in Transco entering zeros at all sub-terminals for all shippers. In the letter accompanying the implementation of this change, Ofgem made it clear that they expected the issue of output UGF to be dealt with at the energy workstream.

Despite repeated attempts by shippers there has been reluctance by Transco to progress this issue**.** This proposal is intended to facilitate the removal of output UGF.

Nature of Proposal

It is proposed that Transco enter zeros for all shippers at all activity numbers on AT-LINK. This is consistent with the arrangements at entry.

Purpose of Proposal

To remove charges for output UGF from the Network Code. This could be achieved by complete removal of the concept of UGF from the Network Code or by some other mechanism. This has been achieved at entry through Transco entering zeros for shippers at all sub-terminals and it is proposed that Transco does the same at exit,, on behalf of shippers.

Consequence of not making this change

Shipper will continue to face output UGF charges or the burden of entering zeros at all exit activities on AT-LINK.

There will be inconsistency between the arrangements for UGF at entry and exit.

Area of Network Code Concerned

Section C : 2 Output Nominations
Section E: 4 Unauthorised Gas Flows

Proposer's Representative

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