Modification Report
Removal of the requirement to nominate Smaller Supply Points on first Registration
Modification Reference Number 0476

Version 1.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

Modification of the Network Code is required to eliminate the necessity to Nominate Smaller Supply Points on first registration.

2. Transco's Opinion

The existing Supply Point registration related provisions within the Network Code (Section G) require New Smaller Supply Points to be nominated on first registration prior to confirmation and registration. The Nomination process adds three Business Days to the elapsed time for registration.

This Modification Proposal seeks to simplify the registration process for New Smaller Supply Points on their first registration by removing the unnecessary activity of Nomination thereby reducing the timescale within which a New Smaller Supply Point may be registered. For the avoidance of doubt where an aggregation within a New Smaller Supply Point is required, the requirements for Nomination would remain.

It should be noted that the principle of eliminating the Nomination in the above circumstances has been discussed within the SPA/Metering Workstream within the remit of Modification Proposal 0347 'Amendment to the SPA Process for the creation of new domestic Supply Points (<73,200kWh)'. Agreement within the above forum was reached with regard to acknowledging the obsolesence of the need to quote the Siteworks Reference Number (SWN) with respect to Supply Point registration. Elimination of the need for Users to provide an SWN to Transco (currently via a Nomination) renders the need to Nominate with respect to New Smaller Supply Points redundant.

Transco is therefore supportive of the objectives of this Modification Proposal although it should be noted that early implementation would not be possible given the significant systems enhancement work required.

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

Implementation of this Modification Proposal would remove an unnecessary step in the Supply Point Registration process. This is consistent with Transco's PGT Licence 'relevant objective' of facilitating competition between relevant

shippers and relevant suppliers by simplifying and speeding the registration of New Smaller Supply Points.

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

a) implications for the operation of the System:

No such implications have been identified.

b) development and capital cost and operating cost implications:

Transco would incur development costs associated with enhancing its UK-Link system.

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:

The costs of implementing this proposal would be treated as ordinary business costs.

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

No such consequences have been identified.

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

No such consequences have been identified.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

Transco would need to undertake modification of its UK-Link system. It is also likely that Users would need to modify their computer systems.

7. The implications of implementing the Modification Proposal for Users

Implementation of this Modification Proposal would be beneficial to Users in lessening the administrative activity and timescale required for New Smaller Supply Points to be registered.

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

No such implications have been identified.

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

No such consequences have been identified.

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

Advantages:

Enables more rapid registration of New Smaller Supply Points.
Eliminates current requirement for Users to provide a Siteworks Reference Number when registering a New Smaller Supply Point.

Disadvantages:

None identified.

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

Four representations were received with respect to this Modification Proposal, all of which were supportive.

BGT notes that since the raising of Modification Proposal 0347 'Amendment to the SPA Process for creation of new domestic Supply Points <73,200 kWh', the issue of incentivisation had been introduced and served to complicate and delay the process and comments so that it was finally rejected in June 2001. BGT suggests that in this prolonged process the co-ordination of the Business Process and System Development was completely lost and that some industry players including Transco had developed systems in anticipation of the Modification Proposal being approved. BGT suggests, therefore, that there must be an agreed process and timescale for the implementation of this Modification or any other where there are significant systems implications.

Scottish Power queries why Transco are suggesting that the Modification Proposal would be subject to a long lead time to implementation. It further suggests that if the Modification was deemed acceptable that implementation be given a high priority to reduce the chance of further errors arising in the registration process.

Transco concurs with the views of respondents that implementation must be co-ordinated, and will endeavour to implement the necessary system functionality in line with User expectations. However Transco cannot reinstate system code developed in relation to Modification Proposal 0347 'Amendments to the SPA process for the creation of new domestic Supply Points<73,200kWh' without fully analysing its effect upon systems that have been developed and progressed since the original coding.

Transco is also mindful of the progression of debate within the industry associated with the impacts of metering unbundling on New Supply Point registration and believes that any system change should take account of such discussions.

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

Not applicable.

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

Implementation of this Modification Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the ModificationProposal

Implementation of this Modification Proposal would require Transco to modify its UK-Link system. It is likely that enhancement would also be required to User's computer systems and associated processes.

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

Significant systems development work would be required to enable implementation of this Modification Proposal. Transco is currently unable to provide a prospective implementation date for completion of this work. Progress would, however, be monitored within the UK-Link Committee.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

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 recommendation not to implement the alternative proposal to amend the Network Code and Transco now seeks agreement from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

SECTION G

Paragraph 2.1.2(a)

Amend to read:-

(a) where the Proposed Supply Point is a Larger Supply Point or a New Smaller Supply Point and there is more than one Supply Meter Point comprised in the Proposed New Smaller Supply Point, then the User must make a Supply Point Nomination in accordance with paragraph 2.3, in response to which Transco will (subject as provided in this Section G) submit to the Proposing User a Supply Point Offer in accordance with paragraph 2.4; and

Paragraphs 2.1.4(i) & (ii)

Amend to read:-

(i) a " **Supply Point Nomination** " is a communication by a Proposing User in respect of a Larger Supply Point or, where required, a New Smaller Supply Point requesting a Supply Point Offer from Transco;

(ii) a " **Supply Point Offer** " is a communication by Transco to a Proposing User providing information in respect of a Larger Supply Point or, where required, a New Smaller Supply Point ;

Paragraph 2.3.1

Amend to read:-

2.3.1 A User may make a Supply Point Nomination in respect of a Larger Supply Point or may, where required, make a Supply Point Nomination in respect of a New Smaller Supply Point in accordance

with paragraph 2.1.2 and this paragraph 2.3. Where a Proposing User wishes to make a Supply Point Nomination.....

Paragraph 2.3.8

Amend to read:-

2.3.8 .....Transco may (unless it rejects the Supply Point Nomination) give notice (a "**referral notice**").....

Paragraphs 2.5.1(i) & (ii)

Amend to read:-

(i) in respect of a Current Smaller Supply Point or a New Smaller Supply Point comprising of one Supply Meter Point (pursuant to the establishment of a New Supply Meter Point in accordance with G7.1.1(b)(i)), in accordance with paragraph 2.6, at any time;

(ii) in respect of a Larger Supply Point or a New Smaller Supply Point comprising of more than one Supply Meter Point, in accordance with paragraph 2.7, after making a Supply Point Nomination , at any time where the condition in paragraph 2.5.2 is satisfied; or

Paragraph 2.5.12

Add the following new paragraph:-

2.5.12 By making a Supply Point Confirmation in respect of a New Smaller Supply Point comprising of one Supply Meter Point then the Proposing User shall be deemed to have included within the Supply Point Confirmation such relevant information as described under paragraph 2.4.2 as may be contained in the Supply Point Register in relation to the Proposed Supply Point.

Paragraph 2.7

Amend the title of the paragraph to read:-

Supply Point Confirmations: Larger Supply Points and Smaller Supply Points subject to nomination

Paragraph 2.7.1

Amend to read:-

2.7.1 A Supply Point Confirmation in respect of a Larger Supply Point or Smaller Supply Point subject pursuant to paragraph 2.1.2(a) to the requirement to be Nominated shall...

Paragraph 7.3.10(b)

Amend to read:-

(b) the meter point capacity (as specified in the relevant Siteworks Contract) of such New Supply Meter Point is greater than 73,200 kWh *(2,500 therms)* per annum but does not exceed 732,000 kWh *(25,000 therms)* per annum; and

Signed for and on behalf of Transco.

Signature:

Tim Davis
Manager, Network Code

Date:

Gas and Electricity Markets Authority 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 **0476**, version **1.0** dated **17/09/2001**) be made as a modification to the Network Code.

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

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

Process Manager - Network Code

Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:

   (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") 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 Authority 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 paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

   provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.

2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.

3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.

4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.