

CODE MODIFICATION PROPOSAL No. 0005(0726)

"Provision of a Guarantee of Pressure for Meter Points operating above 21 mbar by the Relevant Transporter"
Version 4.0

Date: 09/06/2005

Proposed Implementation Date: 01/09/2005

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

Following discussion in the appropriate workstream, the proposer now wishes this varied modification proposal to proceed to consultation.

Nature and Purpose of Proposal (including consequence of non implementation)

To place an obligation on the relevant Gas Transporter to agree to provide pressure in excess of 21 mbar at the ECV of a service where this can be physically supported under normal operating conditions.

To place the obligation on the relevant Gas Transporter to maintain a pressure in excess of the statutory minimum at the ECV of a service where an agreement exists to provide an agreed pressure.

Following development initially in the SPA Billing Workstream and subsequently in the Distribution workstream of the UNC additional clarity has been achieved as to the optimum solution for delivering such a guarantee. Therefore the workgroup has asked, and BP has agreed, to redraft our original request to provide a greater degree of granularity as to how such a regime would operate.

The groups also identified the concept of an Ancillary Agreement within the UNC and that it could be utilised to meet this requirement. It was felt the drafting of such an agreement would generally be generic and that only site specific information would be unique.

Following significant discussion it has become clear that such arrangements should be entered into by the consumer and the Relevant Transporter and as such are Bi-lateral agreements. Such an approach avoids the complexities associated with a Tri-partite agreement of Consumer, Relevant Transporter and Shipper / Supplier and negates the need to re-enter into arrangements whenever a Change of Supplier takes place. This approach also removes the potential for significant system enhancement which would arise from a Tri-partite arrangement.

The nature of our proposal is to facilitate in the UNC (via an enduring and generally generic Ancillary Agreement) the ability for the Consumer to enter into arrangements with the Relevant

Transporter to receive a Guarantee of Pressure for Meter Points operating above 21 mbar. The procedure would be as set out in the Document “The Procedure for requesting a Provision of a Guarantee of Pressure for Meter Points operating above 21 mbar by the Relevant Transporter Version 0.1” which would be referenced in the UNC

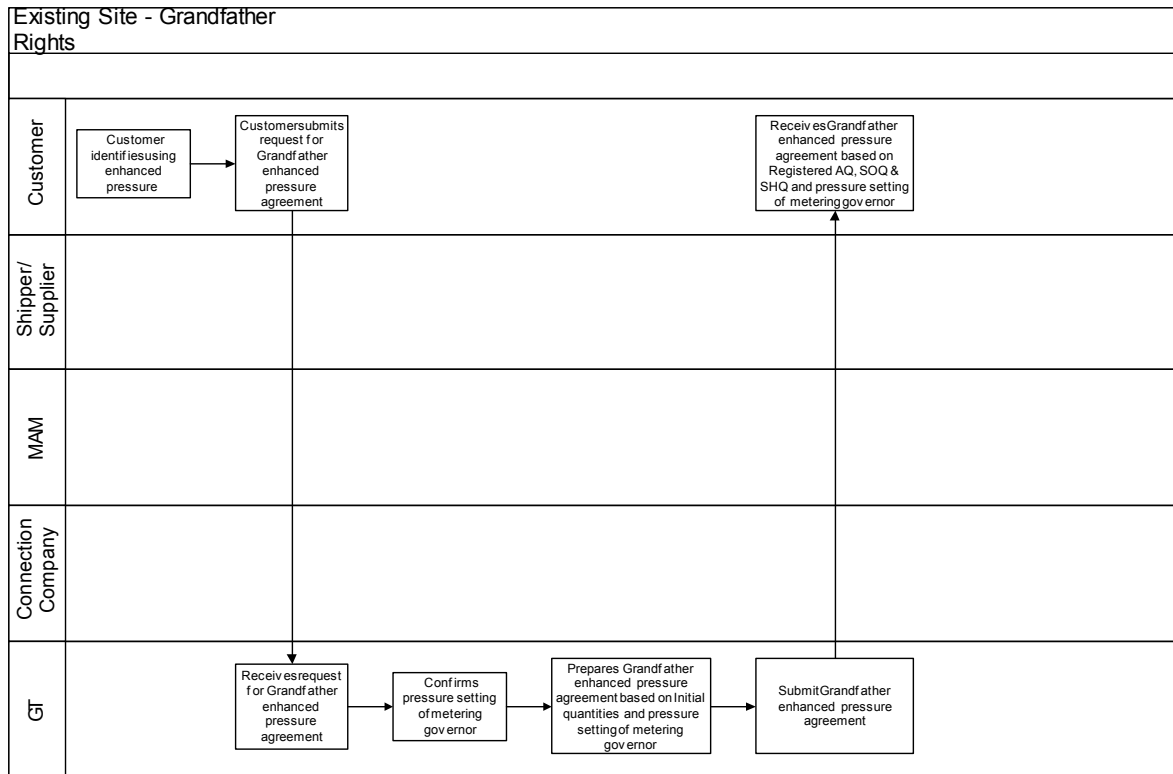
To this extent BP have attached a Process Flow Diagram to provide a detailed overview of the process envisaged: -

Note 1: The Document a “Procedure for requesting a Provision of a Guarantee of Pressure for Meter Points operating above 21 mbar by the Relevant Transporter Version 0.1” needs to be developed and will be based on the Process Flow Diagram attached. The diagrams cover the scenarios below: -

Note 2: While the flow diagrams do not envisage a Shipper, Supplier, UIP or Third Party carrying out the request this proposal does not preclude such a party acting as an agent for the Consumer.

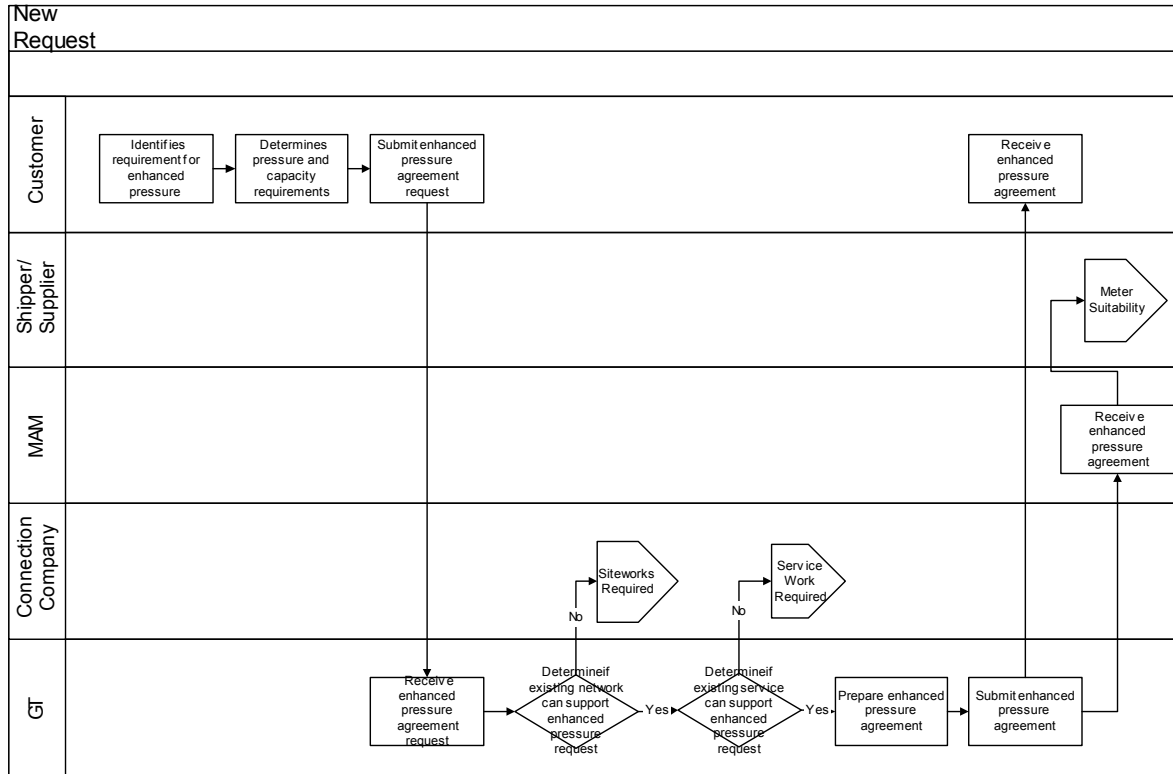
Scenarios

1. Existing Site – Grandfather Rights – (No change)



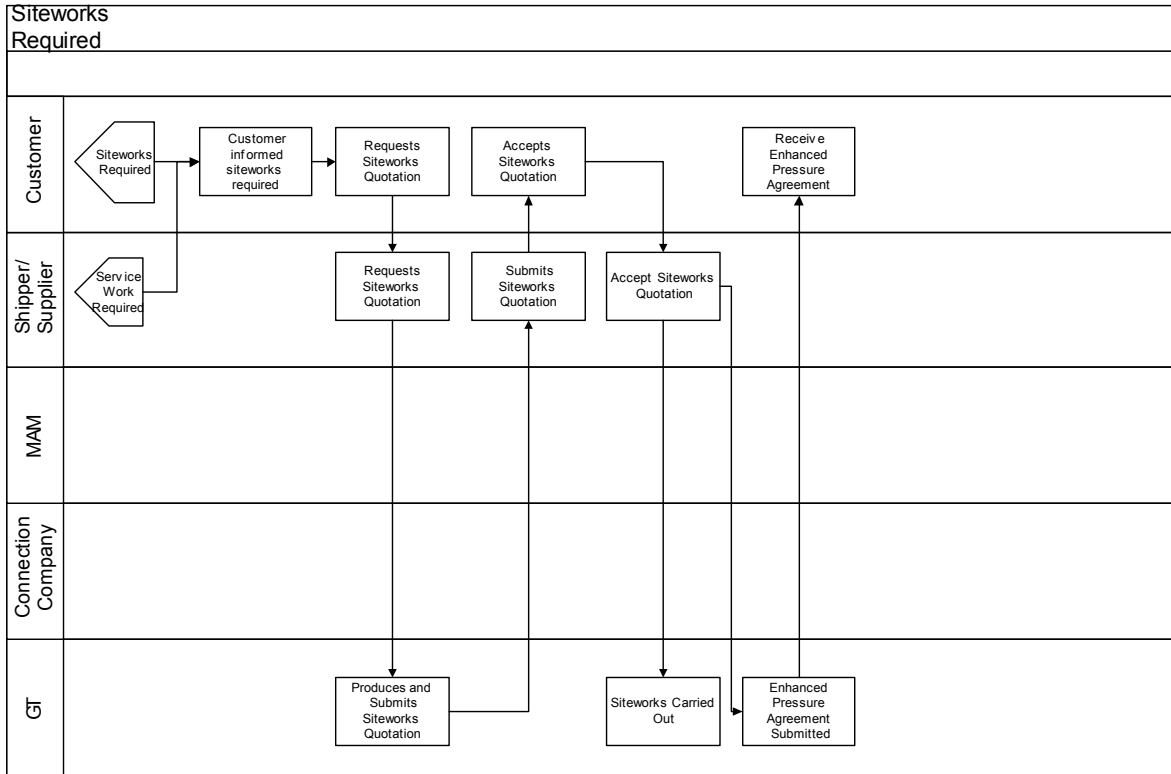
This process flow diagram sets out the process for a consumer who operates at a pressure in excess of 21 mbar and is seeking to request a Provision of a Guarantee of Pressure. This process flow diagram assumes no change.

2. New Request (New or Change in Pressure Requirements)



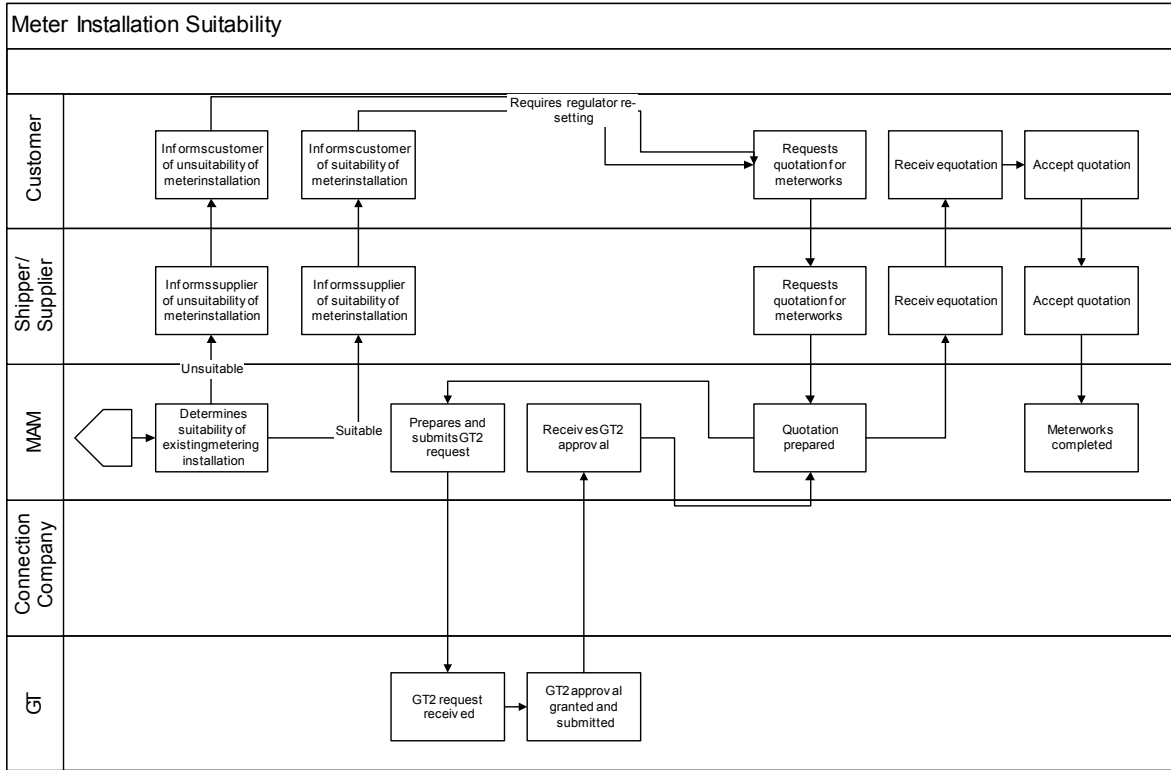
This process flow diagram provides for a “New” request or an “alteration” to an existing arrangement i.e. increase or decrease in pressure.

3. Site Works Required



This process flow diagram shows a high level view of the Site Works process which may follow on from a New Request (see 2) The Site Works process would be largely unaffected by this proposal, the only link being the issuing of the Guarantee following completion of the relevant works.

4. Meter suitability



This process flow diagram shows a high level view of the Relevant Transporters GT2 process. This process provides for the interaction with the relevant Meter Asset Manager (MAM) to ensure the Supply Meter Installation (SMI) is suitable for the pressure arrangements and complies with the Relevant Transporters GT2 requirements.

To ensure that Shippers, Suppliers and Consumers are able to rely on the provision of pressures in excess of 21 mbar by the relevant Gas Transporter where this is physically possible and where an agreement to provide such a pressure exists.

To provide a clear and defined route to achieving such a request by referencing a procedural Document the "Procedure for requesting a Provision of a Guarantee of Pressure for Meter Points operating above 21 mbar by the Relevant Transporter Version 0.1" within the UNC.

To recognise that such arrangements are Bi-lateral arrangements between the End Consumer and the Relevant Transporter.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

The current Network Code provides certainty for the delivery of Volumes to a Consumer's Meter Point, and where the site operates at less than 21 millibars it also provides a guarantee of pressure for these "low pressure" sites.

However there currently exists no equivalent guarantee of pressure for Meter Points that normally operate at pressures in excess of 21 millibars. It should be noted that a “guarantee” (and therefore the principle) already exists in the very large I&C market as it forms a part of the NEXA agreements.

Previously the relevant Gas Transporter has provided a bundled connection service to customers at pressures in excess of 21 millibars, which would include the provision of a suitably designed metering solution. With the continued unbundling of services, including the unbundling of metering provision, DN Sales and potential Exit and Interruption reform there is a need for a guarantee of pressure to be provided by the relevant Transporter to allow certainty for long-term investment for customers and asset managers as well as ensuring that Suppliers can fulfil their supply contracts.

Historically, as a bundled provider of NTS, LDZ and Metering services, the incumbent relevant Transporter was able to take a holistic view to the management of the Network as a whole and in so doing made its decisions in an impartial manner, i.e. it would not be influenced by vested interests.

To allow certainty for both Consumers, Transporters, Shippers and Suppliers in a market that is continuing to fragment, the requirement for a Guarantee of Pressure at sites operating in excess of 21 millibars needs to be incorporated into the Relevant Gas Transporters Uniform Network Code (UNC).

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

Without this modification shippers, suppliers and consumers will not have a right to a supply at any pressure above 21 mbar irrespective of the physical pressures in the vicinity of the service. This will require any consumer that requires pressures in excess of 21 mbar to install compression facilities or risk losing his production capabilities; increasing costs and leading to proliferation of additional and unnecessary compressors.

Where a consumer has arranged for a higher pressure than 21 mbar at their ECV they will have invested in plant and equipment that requires the higher pressure in order to operate. Permanent reduction in the pressure at the ECV will render the investment in plant useless without additional investment in compression equipment and the possible loss of production for the time between the reduction in pressure and the installation and commissioning of suitable compression facilities.

Code Concerned, sections and paragraphs

Section J2

Proposer's Representative

Beverly Ord (BP Gas Marketing)

Proposer

Steve Mulinganie (BP Gas Marketing)

Signature

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