

**Modification Report**  
**Amendment to the minimum notice required for UK Link changes**  
**Modification Reference Number 0010(0735)**

Version 4.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 9.6.

**1. The Modification Proposal**

This modification proposes to amend the normal minimum implementation period for any change appearing on the UK Link implementation plan. This would bring the Network Code into alignment with the Supply Point Administration Agreement (SPAA) and also to the practices adopted in Electricity, both of which also have 3 scheduled releases (February, June and November). This modification would therefore help all parties when planning implementation activity. The current minimum three months' notice does not take account of most parties' own internal existing IT rolling programmes which normally make it unrealistic to implement changes at such short notice, bearing in mind that in that time they have to do analysis, development, testing and training. To amend Paragraph 8.6.1 (b) in Section U. The existing paragraph currently says:-

(Transco) fails to provide UK Link Users with an indicative timetable for implementing the modification and the implementation date for the modification set out in such timetable is for less than 3 months from the giving of such notice, Transco will pay to each UK Link User £500.

It is proposed to amend the Network Code to state that: Transco must provide UK Link Users with an indicative timetable for implementing a modification and the implementation date for the modification set out in such timetable should be for not less than 6 months minimum for changes impacting systems and software; 4 months minimum for changes impacting operational procedures; or 2 months minimum for changes to documentation only. The minimum period is calculated from the date of agreement by the UK Link Committee. The UK Link Committee can reduce these minimum periods at its discretion.

The UK Link Committee will agree 3 formal releases per year. Change initiators are responsible for proposing implementation dates and are requested to align with the release schedule unless circumstances dictate otherwise.

**Transco Comments**

Transco does not believe that this proposal is required, as it is felt that the proposal is a change to working practice rather than a change to Network Code.

We believe the current method of implementation of Modifications and changes works effectively and efficiently, however we appreciate there is a requirement that some changes require longer than the current 3 Month notification, thus Transco propose to produce a process that will allow the UK-Link Committee to have more input regarding implementation dates. Presently a large percentage of changes can be implemented at the customer's discretion, and they are not tied in to the Transco Implementation dates.

There are currently not a high number of modifications or changes being implemented, this is likely to decrease further in the future.

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

The proposer states "Implementation of this modification would help all parties schedule UK Link changes in an efficient, economic, and orderly manner". Whilst recognizing the intent of this proposal Transco is not able to agree with this statement as moving to a fixed release schedule will create unavoidable periods of peak workload, followed by potentially quiet periods of inactivity which is not an efficient and economic method of operation.. Obviously by moving to this method of implementation there are additional associated costs that need to be considered.

With regards to releases it is not clear how the three levels are defined. I.e. what constitutes each of these levels? Assuming that each user has different systems, does the notice period get defined by the user most impacted - i.e. it takes one user to state that this impacts the systems and we are into the automatic 6 month period.

From a planning perspective Transco are unable to ascertain how shippers will classify the changes, therefore, will have to assume 6 months.

With regards to the part of the modification that refers to bringing the Network Code into alignment with the Supply Point Administration Agreement (SPAA), Transco acknowledge that we are signatories of SPAA - but the scope of SPAA does not fit with the Network Code Manual, with SPAA being smaller. It does not seem a logical argument that you change the larger scope to fit with the smaller.

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

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

**a) implications for operation of the System:**

Transco is not aware of any implications for operation of the System.

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

Transco is concerned that implementing the proposal would mean additional resources would be required, possibly for longer periods of time depending on the release dates. I.e. Transco uses off shore Development teams for projects. If the Development work was complete several months before the planned implementation date (which could be almost 12 months if an Implementation date was missed) the Development team would have to be retained by the project team in order to ensure continuity. This would occur additional costs.

Releases may have to be split depending on the outcome of testing, i.e. If part of the release did not successfully pass testing it would therefore have to be withdrawn from the release. This may have serious implications on the remainder of the release being implemented. This would also incur additional costs.

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

Transco does not intend to recover any development costs from Users.

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

Transco is not aware of any consequences this Proposal would have on price regulation.

**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**

Implementation of this Modification Proposal would not affect Transco's contractual risk under the Network Code.

**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 terms of the releases, given the complexity of Transco systems and greater Development lead times of releases, it would appear to have an opposite effect of that proposed in the modification, i.e. increase in cost, reduction in efficiency. Previous release programmes were more resource intensive.

Transco are concerned that if the lead time of six Months is required for System changes, some code may need to be retained, and then retested prior to implementation. There is also the concern that due to fixed implementation dates some code will require parallel development, (code being worked on by two different parties). There is also a concern when part of the release does not get signed off at testing, it will have to be withdrawn from the release, this may have serious implications to the remainder of the release being implemented.

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

Transco users may have to wait longer than they currently do for system enhancements.

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

Transco is not aware of any such implications.

**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**

Transco is unaware of any effect on the legislative and regulatory obligations and contractual relationships of Transco and each User and non-Network Code party of implementing the Modification Proposal.

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

Advantages.

- Structured Release dates

- Liabilities would no longer be charged

Disadvantages.

- The clause within the proposal that states “The UK Link Committee can reduce these minimum periods at its discretion”. This removes one of the stated benefits of the modification, which is the ability to better schedule changes. Also from a planning perspective it makes it difficult to plan efficiently.
- Development teams may have to be retained on the project longer than necessary due to the long lead times, incurring additional associated costs.
- May have a major effect on the stability of the release if a modification has to be withdrawn at a late stage.
- Large teams may be made available for a few minor changes or modifications, incurring additional costs.
- From a planning perspective Transco will be unable to ascertain how shippers will classify the changes, therefore, will have to assume 6 months.

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

Representations for the Modification Proposal have been received from eight users.

Centrica Energy (BGT), BP Gas Ltd, EDF Energy (EDFE), E.ON UK, RWE Npower PLC, Total Gas and Power (TGP), Scottish and Southern Energy PLC (SSE), support the implementation of this Modification Proposal.

Statoil (UK) Ltd (STUK), do not support the implementation of this Modification Proposal.

**Minimum Implementation Period**

In support of the Modification proposal the shippers agree that the adoption of a minimum implementation period would ensure users have sufficient time to plan resources for implementations.

*BGT stated ‘The adoption of such a structure would ensure all Users have sufficient time to plan resources for implementation of the changes. It would reduce risk, and therefore costs, as currently Users can at times be required to react quickly to changes that Transco are implementing at minimum notice periods. Users do not always have the opportunity to assess the impact any changes proposed by Transco on other aspect of their own systems.’*

*EDF Energy stated ‘The current 3 month lead time for IT changes does not fully allow sufficient time to schedule in industry IT changes with other requirements. Therefore increasing this to 6 months for changes which impact systems and software is beneficial, as again it will allow our IT resources to be planned more effectively.’*

Transco’s Response: Transco believe the current method of Implementation works effectively and efficiently. The three months notification should begin according to Network code when the users are given notice. Network code states ‘...the implementation date for the modification date out in such timetable is for a date less than 3 months from the giving of such notice’. Transco however have agreed that the 3 months notification will begin when the implementation date has been agreed at the UK-link Committee meeting.

In the case of larger releases e.g. RGMA, the users received notification more than 6 months in advance.

There is also a question regarding an urgent Modification. I.e. A Modification that has been signed off by Ofgem, would that be subject to the six-month notification period?

The process that Transco is proposing will allow the UK-Link Committee to have more input regarding implementation dates as we appreciate there is a requirement that some changes require longer than 3 months notification.

### **Definition of Changes**

There has been reference to the definition of the type of change proposed.

TGP stated *'We acknowledge Transco's observation that defining the severity of change, and hence the timescales of notice required, could be subject to interpretation. Such timescales however can be determined by the UK Link committee, without prejudicing the system modification process.'*

E.ON UK plc stated *'some aspects of the proposal, which would need to be clarified in the legal text. It is necessary, for example, where 6 months notice might be given for changes impacting systems and software to establish whose system and software this applies to. Furthermore, clarification is needed in regards to whom, or which committee, decides whether or not a change impacts systems and software.'*

Transco's Response: Transco agree with E.ON that there must be clarification on the type of change and who decides the notice period. If this is not clarified it may lead to confusion and the process will not be efficient.

### **Bundled Changes**

The 7 Shippers that support the Modification agree that a Bundled release 3 times a year would be beneficial to the user community. Many do not agree with Transco that it is felt that by moving to fixed release schedule will create periods of peak workload.

SSE stated *'... a counter view is that the current approach leaves market participants exposed to meeting these unplanned requirement associated with such peak loads of demand; whereas 0735 would enable all stakeholders to plan and operate more effectively to achieve the date scheduled months in advance.'* TGP stated *'We disagree with the Transco view that any such grouping will result in short bursts of intense activity followed by longer periods of inactivity for Users, as system changes require significant preparation prior to implementation and so we believe the variation in workload will not be significant.'*

RWE Npower stated *' We don't believe that the concerns that Transco raised regarding this proposal creating unavoidable periods of peak workloads followed by periods of inactivity is convincing. Surely like us they too will benefit from a structured approach to system development and implementation.'*

STUK who do not support the Modification have stated *'Having three pre-determined scheduled releases restricts shippers and Transco in implementing changes outside the release window and this can cause unnecessary delays (e.g. if the release window has just closed) with additional costs being incurred through the provision of IT resources (e.g. due to longer lead times)*

Transco's Response: Transco currently bundle changes where appropriate. If the flexibility of Implementations is withdrawn there may be a number of project resources that are retained but it may only be a small release, therefore it is inefficient use of resources and this will also incur associated additional costs.

A number of shippers are in agreement that the alignment to the release dates of SPAA and Electricity is appropriate.

RWE Npower stated *'We agree that it makes sense to align UK Link changes with SPAA and electricity as will enable us to effectively plan our system development and implementation.'*

EDF stated *'With SPAA now implemented and operating alongside UK Link, EDF Energy welcomes any change that will align the release of them'*

BGT stated *'The implementation of this modification will also allow alignment of changes to the systems of shippers and suppliers emanating from the wider processes, for example the Customer Transfer Programme (CTP) and Supply Point Administration Agreement (SPAA).'*

STUK stated *'Not all shippers are signatories of SPAA or have activities in the retail electricity market, and therefore the volumes of related changes are not equal across all shippers. STUK therefore do not consider it appropriate to support changes which do not benefit across the entire industry.'*

Transco's Response: The proposed SPAA implementation dates of February, June and November do not fall in line with the Pricing structure and AQ. Also Electricity release dates are not fixed, they are decided each year. Transco agree with STUK that we do not support changes, which does not benefit the entire user community.

SSE have stated *'We would welcome any constructive comments from Transco as to how a market participant could amend the appropriate "working practice" to achieve what is proposed in 0735, whilst ensuring that it is put into effect in a way that all conform with.'*

Transco's Response: Transco feel that the process that they wish to propose will ensure that the Committee members have more input regarding Implementation dates. We acknowledge that some changes require longer than 3 Months notification. However as previous stated Transco bundle changes where appropriate. A large percentage of changes are implemented at the customer's discretion and not as a bundled change, which are tied into Transco's Implementation dates. Transco also currently agree to longer implementation notification periods e.g. RGMA.

The current process works effectively and efficiently. Transco feel that by introducing a process for agreeing changes at the UK-Link Committee then any concerns that the shippers currently have will be addressed.

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

Transco does not believe that implementation of this Modification Proposal is required to enable Transco 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 paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence**

Transco does not believe that implementation of this Modification Proposal is required in respect of any proposed change in the methodology established under Standard Condition 4(5) of the Statement; furnished by Transco under Standard Condition 4(1) of the Licence.

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

If the proposal is implemented Project teams will have to review their implementation strategy.

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

Transco does not recommend implementation and therefore no implementation timetable is proposed.

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

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

Transco does not recommend implementation of this proposal as there is not a fundamental problem with the current agreed process. Transco believe this is a change to working practice rather than a Network code change, therefore Transco are proposing a process that will give the UK-Link committee more flexibility in agreeing implementation dates. We feel this approach will be sufficient in addressing the concerns of the committee and thus ensuring an effective and efficient method of working.

**18. Transporter's Proposal**

This revised Modification Report contains the Transporter's proposal not to modify the Code but has been prepared following direction from the Gas & Electricity Markets Authority.

19. Text

**UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT**  
**SECTION U - UK LINK**

*Amend paragraph 8.4.4 to read as follows:*

8.4.4 “If by consensus of the members of the UK Link Committee the implementation plan (with or without any revisions proposed by the Transporters pursuant to paragraph 8.4.3) is approved, the Transporters will proceed to implement the proposed modification in accordance with the implementation plan, provided that:

- (a) unless otherwise agreed by the UK Link Committee in each calendar year the Transporters shall only be entitled to make three implementations, (which may comprise of one or more UK Link Modifications) and each implementation shall be made on a date to be specified by the UK Link Committee, falling in the month of February, June or November; and
- (b) unless otherwise agreed by the UK Link Committee no proposed UK Link Modification shall be implemented earlier than:
  - (i) four months after such approval in the case of UK Link Modifications that in the opinion of the UK Link Committee involve operational changes only; or
  - (ii) six months after such approval in all other cases.

*Amend paragraph 8.4.6 to read as follows:*

8.4.6 Where by Panel Majority (upon a referral under paragraph 8.4.5(c)) the Uniform Network Code Committee approves the implementation plan, with or without any revisions which the Transporters may propose to the committee, the Transporters will proceed to implement the proposed modification in accordance with the implementation plan provided that:

- (a) unless otherwise agreed by the Uniform Network Code Committee in each calendar year the Transporters shall only be entitled to make three implementations, (which may comprise of one or more UK Link Modifications) and each implementation shall be made on a date to be specified by the Uniform Network Code Committee, falling in the month of February, June or November; and
- (b) unless otherwise agreed by the Uniform Network Code Committee no proposed UK Link Modification shall be implemented earlier than:
  - (i) four months after such approval in the case of UK Link Modifications that in the opinion of the Uniform Network Code Committee involve operational changes only; or
  - (ii) six months after such approval in all other cases.

*Amend paragraph 8.5.4 to read as follows:*

8.5.4 If the terms of the modification do not themselves provide for such matters, and subject to the nature of the modification, paragraph 8.4 shall apply in respect of a



Class 3 Modification unless (save for paragraph 8.4.4 which shall always apply to a Class 3 Modification) the terms of the modification themselves provide for such matters.

*Amend paragraph 8.6.1 to read as follows:*

- 8.6.1 Subject to paragraph 8.6.2, where the Transporters propose to make a Class 2 Modification or a Class 3 Modification (other than a Manual Modification except where the UK Link Manual anticipates the making of such Manual Modification) when notifying UK Link Users of its proposals in the event that Transporters ~~(a)~~ fail to inform UK Link Users that they have not less than 10 Business Days to submit any comments to the Transporters in respect of the proposal, the Transporters will pay to each UK Link User £500.;
- ~~(b) fail to provide the UK Link Users with an indicative timetable for implementing the modification and the implementation date for the modification set out in such timetable is for a date less than 3 months from the giving of such notice, the Transporters will pay to each UK Link User £500.~~

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 :