

Modification Report
Amendment of Nomination Timetable
Modification Reference Number 0743
Version 1.0

This Final Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

To allow Renominations for Daily Metered output nominations from 15:00 (D-1). This would require revision of the timetable, as shown at C1.2, as follows:-

DM Output Nomination Time	13:00
NDM Output Nomination Time	14:00
Input Nomination Time	14:30
Scheduling Start Time	***
Nomination Finalisation Time	***
Renomination Start Time	15:00

*** We understand that the designated times for these activities are no longer relevant to internal processes carried out by Transco

2. Transco's Opinion

NDM attribution is calculated by a deductive process (ie. total system demand less DM nominations). Where there are inaccuracies in the Users' DM Nominations this leads to inherent inaccuracies in the initial forecast of NDM demand.

If this Proposal results in the provision of more accurate DM Nominations before the Gas Day, then the accuracy of the NDM attribution process in forecast mode would be improved.

The existing time period between the Input Nomination deadline (16.00 D-1) and the Renomination Start Time (17.30 D-1) was originally required to allow Transco time to schedule the Nominations. This was a pre New Gas Trading Arrangements concept where Transco would determine if there was sufficient capacity to accommodate nominated flows, and if not curtail Nominations to match available capacity. This practise has to most intents been automated and now takes minimal time to complete. Minimising the time interval between receipt of initial Nominations and Renomination start time would seem sensible if this would result in improved information provision.

Transco is in support of making this change as it may lead to an improvement to the accuracy of Users' DM Nominations ahead of the gas day, while generating minimal incremental system costs.

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

The Proposal might improve the quality of Users' DM Nominations ahead of the Gas Day, as the Proposal will enable Users greater opportunities to submit information on the expected offtakes of DM Supply Points ahead of the Gas Day. Improved forecast demand information provision would better facilitate the GT Licence Condition 9.1 (a) "the efficient and economic operation by the licensee of its pipe-line system."

The Proposer also considers that the Proposal would better facilitate Condition 9.1 (c) "so far as is consistent with sub-paragraphs (a) and (b), the securing of effective competition between relevant shippers and between relevant suppliers."

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

a) implications for the operation of the System:

Transco anticipates that the implementation of this Proposal would require no changes in operational procedures.

b) development and capital cost and operating cost implications:

Both the Input Nomination and Renomination Start Times are parameterised in AT-Link and Gemini, so there are minimal capital and operating cost implications.

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:

Transco is not proposing to recover any development or capital costs arising from the implementation of this Proposal.

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

Transco does not envisage any such consequences.

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 does not envisage any such consequences.

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

Changes to Gemini and AT-Link systems are considered to be minor since Renomination Start Times are a parameterised function within both systems. Transco has not been made aware of any implications on the computer systems of Users.

7. The implications of implementing the Modification Proposal for Users

In the Proposal the Proposer states –

"There is a period during the day where it is not possible to submit nominations or renominations. As this is currently structured the closed period for DM nominations is from 13:00 (D-1) until 17:30 (D-1). This means that Users will submit their initial nomination on the basis of information obtained from their customers before that time. If this information is not available by this deadline, Users will be obliged to submit a zero, or best estimate, nomination in the absence of more accurate information. Users do not have an opportunity to amend or update their DM nominations later within D-1 within normal "office hours", particularly after publication of the NDM attribution. Unless Users are operating 24/7, this update would not be effected until the next morning, well "within day"."

This proposal will enable Users to renominate from 15:00 D-1

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

Transco has not identified, or been made aware, that the Proposal will have any impact on any User or Third Party systems or processes. No issues for APX have been identified in relation to its role as On the day Commodity Market (OCM) operator.

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

Transco does not envisage any such consequences.

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

The Proposer puts forward the following advantages and disadvantages of the Proposal

Advantages:

- "As NDM attribution is calculated by a deductive process, total system demand less DM nominations, this leads to inherent inaccuracies in the initial forecast of NDM demand. If Users are able to (and do) submit DM Nominations later in the day (D-1) the accuracy of NDM attribution would be greatly improved and there would be less variation to NDM attribution within day."

Disadvantages:

- No disadvantages were identified in the Proposal.

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

Transco has received representations from 7 parties, all provided support for the Proposal.

Support -

British Gas Trading Ltd (BGT)
EdF Energy (EDF)
Gaz de France (GDF)
Powergen UK PLC (POW)
RWE Npower PLC (RWE)
Shell Gas Direct Ltd (SGD)
Total Gas and Power Ltd (TGP)

Removal of Restrictions to entering Nominations

BGT commented that the changes to the Nomination and Renomination times will provide greater flexibility when entering User Nominations: *"The current timetable detailing requirements and restrictions where Users may submit nominations is based upon processes, which are no longer necessary or applied. Without this requirement it is a relatively simple change to Code to facilitate greater flexibility in updating User nominations. This modification proposal will allow Users to revise their nominations, and hence provide the Transporter with more accurate and relevant data at a much earlier stage, prior to close of business on D-1. Without this modification, Users not operating on a 24 hour basis would not routinely be able to update this information later than 13:00 hrs D-1. The next opportunity being within the gas day."*

Transco Response

Transco agree that moving the Renomination start time to 15:00 from 17:30 will increase the opportunity for Users to enter Renominations on D-1.

Improved Forecasting Accuracy

All of the respondents state that the changes to the Nomination and Renomination times will improve forecasting accuracy:

BGT *"We believe that this modification proposal promotes more accurate nominations of gas flows, which in turn will improve the accuracy of the NDM attribution process. These improvements will further the Transporters relevant objectives by enabling more efficient and economic operation of the system."*

EDF *"We believe that increasing the accuracy of DM nominations should lead to a better view of NDM attribution which will, in turn, benefit all market participants. Therefore we agree with Transco that the proposed modifications should be implemented."*

GDF *"The current closure window at D-1 between 13:00 and 17:30 does not allow users to submit the most accurate forecast of their DM demand at D-1. Information from customers may not be available and operational checks may not have been completed before this deadline. The proposal allows users to submit or resubmit DM nominations later in D-1 once NDM attributions are known. This should allow for a more accurate view of DM demand at D-1 and hence less variance to DM within day submissions. An added benefit of this proposal would be increased accuracy in NDM forecasts due to the calculation process."*

POW *"We agree with the proposer that enabling Users to submit DM Nominations later in the day (D-1), the accuracy of NDM attribution would be greatly improved and there would be less variation to NDM attribution within day."*

RWE *"RWE npower supports this modification proposal as we believe it has the potential to improve the accuracy of the NDM attribution process."*

SGD *"It should improve DM nominations by allowing shippers to submit more accurate information about expected offtakes at DM sites. In turn, this should improve the accuracy of Transco's NDM forecasts which are based, in part, on data from DM nominations. This will improve the efficiency of the operation of the pipeline system, and therefore further the Relevant Objectives."*

TGP *"We consider that it may well facilitate the quality of DM Nominations and NDM attribution."*

Transco Response

The Proposal provides greater opportunity for Users to submit DM Nominations. To the extent that Users take up this opportunity to provide earlier and more accurate DM Nominations, then such provision may be expected to improve the accuracy of the NDM processes.

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

Transco has not identified such a requirement.

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

Transco is unaware of any such requirements

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

Update AT-Link Input Nomination Time from 16:00 to 14:30
Update AT-Link Renomination Start Time from 17:30 to 15:00
Update Nomination Approval batch process run time.

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

Draft Modification Report circulated	-	10 March 2005
Consultation Period Ends	-	31 March 2005
Final Modification Report Issued	-	21 April 2005
Ofgem decision expected	-	Mid May 2005
Network Code implementation	-	1 July 2005

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends the implementation of this Proposal

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 Gas & Electricity Markets Authority in accordance with this report.

19. Text

Amend Paragraph C 1.2 to read as follows:

1.2 Nomination Timetable

The "**DM Output Nomination Time**", "**NDM Output Nomination Time**", "**Input Nomination Time**" and "**Renomination Start Time**" in relation to the Gas Flow Day shall be the following respective times on the Preceding Day:

DM Output Nomination Time: 13:00

NDM Output Nomination Time: 14:00

Input Nomination Time: 14:30

Renomination Start Time: 15:00

Signed for and on behalf of Transco.

Signature:

Richard Court
Commercial Frameworks
NT & T

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0743**, version **1.0** dated **21/04/2005**) 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.