

Draft Modification Report
Amendment of Network Entry Provisions at ConocoPhillips sub-terminal at
Theddlethorpe to align with Transco's 10 Year Statement
Modification Reference Number 0019

Transco NTS's Position

Transco NTS supports acceptance of this Modification Proposal

Below is Transco NTS's detailed response to the Modification Proposal: -

1. The Modification Proposal

Transco NTS supports the proposal

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

Transco NTS believes that the Modification Proposal would allow additional gas production fields to be brought on stream as a consequence of widening the gas quality envelope in line with the Gas Safety (Management) Regulations and Transco's 10-year statement. This should increase the number of potential supplies at the Theddlethorpe sub-terminal and thereby facilitating effective competition between shippers and relevant suppliers.

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

Transco NTS agrees with the implications detailed in the Draft Modification Report

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

a. Implications for operation of the System:

Transco NTS recognises that the physical configuration of the NTS largely mitigates any potential implications on CV shrinkage costs. ConocoPhillips have stated to Transco NTS that although the acceptable CV range resulting from the implementation of this Modification Proposal is wider the typical CV delivered will not be significantly affected by the implementation of this Modification Proposal.

b. Development and capital cost and operating cost implications:

Transco NTS does not anticipate incurring any development or capital costs as a consequence of implementing this Modification Proposal

c. Extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

Transco NTS anticipates that any additional CV Shrinkage costs will not be significant and as a consequence would propose that any such costs are best managed through the existing NTS SO Incentive arrangements

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

Transco NTS does not anticipate consequences on price regulation

5. The consequences 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 will not increase Transco NTS's exposure to contractual risk.

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

Transco NTS agrees with the Draft Modification Report in that there is not expected to be any impact on such systems.

- 7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**
Transco NTS is incentivised to minimise CV shrinkage and as ConocoPhillips have confirmed that the typical CV of gas delivered will not appreciably change Transco NTS therefore, does not anticipate any significant increase in the costs of CV shrinkage as a consequence of this Modification Proposal. Transco NTS agrees with the Draft Modification Report in that any such increase would be small in comparison with the anticipated benefits of any additional gas supplies utilised as a consequence of implementation of this Modification Proposal.
- 8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**
Transco NTS agrees with the Draft Modification Report with regards the implications of implementing the Modification Proposal.
- 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 NTS does not believe there to be any such consequences if following the implementation of the Modification Proposal ConocoPhillips and Transco NTS modify the Network Entry Agreement as envisaged in the Proposal.
- 10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal**
 - a. Advantages**
Transco NTS agrees with the advantages expressed in the Draft Modification Report
 - b. Disadvantages**
Transco NTS accepts that there is a risk of an increase in the CV shrinkage. Transco NTS is of the opinion that because the change in the typical CV of gas delivered is expected to be insignificant and as a consequence of the physical make up of the NTS the impact on CV shrinkage will be small.
- 11. Summary of Representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**
See responses given to individual sections
- 12. The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation**
Transco NTS agrees with the Draft Modification Report in that implementation is not required for this purpose
- 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 NTS agrees with the Draft Modification Report in this respect.
- 14. Programme for works required as a consequence of implementing the Modification Proposal**
Transco NTS and ConocoPhillips, the Delivery Facility Operator, have agreed to modify the

existing Network Entry Agreement in order to implement this Modification Proposal

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

Transco NTS is of the opinion that implementation could be achieved without the need for any information system changes and could follow swiftly on after the determination of the Authority

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

Transco NTS does not anticipate there being any implications upon Code Standards of Service as a consequence of implementing this Modification Proposal