

Modification Report
Revision to Section O - Removal of references to the Base Plan Assumptions
Document
Modification Reference Number 0022
Version 3.0

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

The Proposal submitted was as follows:

"The proposal is to remove the references to the Base Plan Assumptions document from UNC Section O. All references to Base Plan Assumptions are to be removed or replaced by references to Transporting Britain's Energy or the Transco Ten Year Statement. It is also proposed to move the sections that are currently in the section titled Base Plan Assumptions to the section titled the Ten Year Statement.

After wide Industry consultation the Transporting Britain's Energy (TBE) process was agreed in 2001. The outcome of this process is the annual publication of the Transco Ten Year Statement (10YS), which contains all the information which the UNC requires to be published in the Base Plan Assumptions (BPA) document. As the BPA document has been superseded by the 10YS, the BPA document no longer needs to be published. This Proposal seeks to ensure clear alignment of agreed practice with UNC provisions.

Non implementation of this Proposal would perpetuate the present situation with potential for duplication and inefficiency."

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

The Draft Modification Report (DMR) stated: "Implementation of this proposal will facilitate the efficient discharge by the licensee of its licence obligations."

And that: "As part of the TBE process, Transco NTS has developed targeted industry questionnaires to ensure the responses are consistent and relevant to the recipients. Transco NTS developed these for the Users, Producers, End Users, Consumers, Transporters, Terminal Operators and Storage Operators. The process of gathering and publishing planning information will be better coordinated by aligning the User requirements with other Industry participants. This should lead to cost savings within the Transporters' planning process and potential increased investment efficiency."

The DMR added: "The Proposal will also promote the efficient implementation and administration of the UNC."

These statements were not contradicted in the responses.

SSE raised the concern that: "*Under the integrated Transco we provided one response to the TBE process yet the provisions of TPD Section O seem to*

suggest that we will be required to provide 5: one to Transco NTS and four to the DNOs. This would seem to be a more onerous obligation to place on shippers and not necessarily efficient. Our understanding during the development of the UNC earlier in the year was that the Transporters would cooperate with each other and this is our interpretation of the relevant licence obligations placed on the Transporters with regard to the production of their long-term development statements."

SGN commented that: "*... our interpretation of the UNC provisions suggests that the TBE process is the mechanism by which information is gathered by NTS and that the provision of information by Users to DNs is currently piggybacking on that process. In addition it would appear that Users will be required to provide several streams of information to NTS via the TBE process and to the four DNs, pursuant to TPD O.3.2. "*

The Proposer stated that: "*Transco NTS believes that the introduction of its TBE process has enhanced information provision and provided a planning cycle that is well understood by all industry participants and therefore the Proposal will further the relevant objectives set out in Standard Special Condition A11, specifically (c), " the efficient discharge of the licensee's obligations under this licence."*

Implementation of this Modification Proposal would not change the existing obligations placed on Shippers to provide planning information to Transporters.

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

The Proposer responded: "*The enhanced information through TBE has already provided greater clarity in the risks associated with security of supply, it has also promoted the need and subsequent response for new import projects to meet the UK's growing import dependence."*

No other response on this aspect was received.

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

a) implications for operation of the System:

The Proposer responded: "*Whilst no obvious operational system implications are identified, increased upstream information assists operational planning"*

No other response on this aspect was received.

b) development and capital cost and operating cost implications:

The Proposer responded: "*Transco NTS does not anticipate incurring any development or capital costs as a consequence of implementing this Modification Proposal"*

No other response on this aspect was received.

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

The Proposer responded: "*Transco NTS believes that no additional costs will be incurred*"

No other response on this aspect was received.

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

The Proposer responded: "*Transco NTS does not anticipate consequences on price regulation*"

No other response on this aspect was received.

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

The Proposer responded: "*Implementation of this Modification Proposal will not increase Transco NTS's exposure to contractual risk.*"

No other response on this aspect was received.

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

The Proposer responded: "*Transco NTS has not identified any impact on the UK Link System or any other NTS IS systems.*"

No other response on this aspect was received.

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

The Proposer responded: "*Transco NTS does not expected any change for Users in these areas.*"

No other response on this aspect was received.

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

The Proposer responded: "*In terms of information provision and subsequent industry feedback, Transco NTS believes that Users support the TBE process as an improvement on the previous BPA arrangements.*"

No other response on this aspect was received.

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

The Proposer responded: "*Transco NTS does not believe there to be any direct consequence in this area on implementation of the Modification Proposal.*"

No other response on this aspect was received.

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

Advantages

The Proposer responded: "*Transco NTS has outlined the advantages of implementation within the Modification Proposal Transco NTS recognises the advantages already in existence through TBE and a streamlining of its planning process. This has also brought about increased industry awareness of its responsibilities to provide Transco NTS with information. As a consequence, Transco NTS is now better informed to make investment decisions and provide key industry feedback relating to future supply and demand.*"

BGT responded: "*The TBE process has now been operating for some time and has been shown to provide relevant information from the most appropriate sources.*"

Disadvantages

The Proposer responded: "*Transco NTS has not identified any disadvantages of implementation.*"

SGN responded: "*... we are unclear how the proposed change in timetable for initiating the TBE process, by moving from October to January fits with existing provisions in Section H of the OAD which is supposed to facilitate the production of the TPD Section O requirements.*"

SSE responded: "*...we are not certain that the amendments to Section O dovetail with the provisions of Section H of the OAD on the Transporters and believe that this also needs to be examined.*"

A crosscheck of TPD Section O and OAD Section H has been conducted and no incompatibilities have been found. It should be noted that the timetable, as reflected in Section H, has been in operation for some time.

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

Four representations (from the following) were received with respect to this Modification Proposal. Two parties support implementation and two parties offered comments. The Transco NTS response was structured to mirror the format of the Final Modification Report, with a comment being provided under each heading.

British Gas Trading Limited	(BGT)	Support
Transco NTS		Support
Scotia Gas Networks	(SGN)	Qualified Support
Scottish and Southern Energy plc	(SSE)	Qualified Support

All four respondents supported the basic principles.

BGT stated: "*We concur that it is appropriate to remove the references to Base Plan Assumptions from the UNC in order to remove the obligation, which could lead to unnecessary duplication of effort.*"

SSE commented that it noted that the aim of the proposal was "*to replace the provisions in the UNC relating to the Base Plan Assumptions (BPA) with references to the Transporting Britain's Energy process. We are aware that Transco NTS has repackaged the BPA process and renamed it "TBE" and therefore it seems sensible to modify the UNC to take account of this. We are also supportive of the change to the timetable by making the start date for the consultation January and not October.*"

SGN commented that it offered "*qualified support for this proposal.*"

SGN went on to comment: "*We note that the TBE process has replaced the Base Plan Assumptions (BPA) process in recent years and therefore it would seem straightforward enough to remove references to the BPA in the UNC to make the terminology consistent with what happens in practice. We therefore have no objection to this aspect of the proposal.*"

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

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

Implementation is not required having regard to any such proposed change.

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

No programme of works has been identified.

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

The suggested date for implementation of this Proposal is September 2005.

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

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

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

At the Modification Panel meeting held on 18 August 2005 the eight Voting Members present with capability of casting 10 votes unanimously recommended the implementation of this Modification Proposal.

18. Transporter's Proposal

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

TRANSPORTATION PRINCIPAL DOCUMENT

O SYSTEM PLANNING

Amend the heading to paragraph 1.2 to read as follows:-

“1.2 ~~Base Plan Assumptions~~Transporting Britain’s Energy and Ten Year Statement”

Amend paragraph 1.2.1 to read as follows:-

“1.2.1 Each year Transco NTS will ~~publish Base Plan Assumptions~~ undertake the Transporting Britain’s Energy consultation process and subsequently publish a Ten Year Statement in accordance with paragraphs 3 and 4.”

Amend paragraph 1.2.2 to read as follows:-

“1.2.2 ~~“Base Plan Assumptions” is a document setting out initial assumptions as to supply and demand in Gas Years~~Transporting Britain’s Energy consultation process” is the consultation process setting out the initial assumptions of Transco NTS as to supply and demand in Gas Years and requesting information from Users and other persons by means of one or more questionnaires.”

Amend paragraph 1.3 to read as follows:-

“1.3 No Transporter will be liable pursuant to the Code to any User in relation to any estimate, forecast or other information contained in or omitted from the ~~Base Plan Assumptions~~Transporting Britain’s Energy consultation process or Ten Year Statement, and nothing contained therein will bind a Transporter to undertake any reinforcement of any relevant System(s).”

Amend paragraph 1.4 to read as follows:-

“1.4 For the purposes of this Section O, in relation to the planning activities undertaken in accordance with this Section O in any year, year 0 is the Gas Year in which such activities are being undertaken, year 1 is the immediately following Gas Year and years 2 to 9 are the following 8 Gas Years, and years ~~3 to 1~~ are is the three Gas Years preceding year 0.”

Amend the heading to paragraph 3 to read as follows:-

“~~3~~ **BASE PLAN ASSUMPTIONS – TRANSPORTING BRITAIN’S ENERGY**”

Amend paragraph 3.1 to read as follows:-

“~~3.1.1~~ In ~~October~~January of each year (year 0), Transco NTS will ~~publish for consultation the Base Plan Assumptions, and invite comments~~ conduct the Transporting Britain’s Energy consultation process and request information from Users and others ~~thereon~~ in accordance with paragraph 3.2.”

Delete paragraph 3.1.2 and 3.1.3

Amend paragraph 3.2.1 to read as follows:-

“3.2.1 Each User shall provide to the Transporter, by the date ~~(not less than one month after the Base Plan Assumptions were published)~~ and in the format specified in the ~~Base Plan Assumptions~~ Transporting Britain’s Energy questionnaire:

- (a)
- (b) such estimates for years 1 to 3 of availability of gas for supply (in accordance with paragraph 2.2.1) to such User, upon such assumptions (as referred to in paragraph 2.2.2), as may be required pursuant to the ~~Base Plan Assumptions~~ Transporting Britain’s Energy consultation process; and
- (c) in the case of Transco NTS, such further information as may reasonably be requested by Transco NTS ~~under Base Plan Assumptions~~ pursuant to the Transporting Britain’s Energy consultation process.”

Amend paragraph 3.2.2 to read as follows:-

“3.2.2 The information required under paragraph 3.2.1 is to be provided:

- (a)
- (b); and
- (c)

and on such basis of estimation or otherwise as may be specified ~~in the Base Plan Assumptions~~ by Transco NTS pursuant to the Transporting Britain’s Energy consultation process.”

Amend paragraph 3.2.3 to read as follows:-

“3.2.3 Subject to paragraph 3.2.4, in order to ensure consistency of information provided to the Transporter and to avoid duplication in estimation of demand, a User's estimates of demand are to be in relation to Supply Points in respect of which the User is Registered User and other sources of demand as at the reference date specified (pursuant to paragraph ~~3.1.2(g)~~ 3.1.2(g)) ~~in the Base Plan Assumptions~~ by Transco NTS pursuant to the Transporting Britain’s Energy consultation process, and Users should not take into account anticipated changes in their portfolios of Supply Points or in market share, other than as respects new loads in accordance with paragraph 3.2.4.”

Amend paragraph 3.3.2 to read as follows:-

“3.3.2 Where ~~the Base Plan Assumptions~~ specify Transco NTS specifies, pursuant to the Transporting Britain’s Energy consultation process, the form in which information provided to Transco NTS pursuant thereto is to be published, a person providing information to the Transporter for the purposes of this Section O will be deemed to have consented to:

- (a); and
- (b)

Amend paragraph 3.3.3 to read as follows:-

“3.3.3 Subject to paragraph 3.3.2 and to the Transporter's duties under the Transporter's Licence and the Act, and except where any such person consents thereto, the Transporter agrees that the Ten Year Statement, and in the case of Transco NTS only, the ~~Base Plan Assumptions~~ Transporting Britain's Energy consultation process, will not identify by name any particular Users nor (insofar as any User shall have provided information to the Transporter relating to such person) any supplier, consumer or person producing or selling gas before its delivery to the Total System.”

Amend paragraph 3.5.1 to read as follows:-

“3.5.1 Subject to paragraph 3.5.2, each User will, in so far as lies within its power, cooperate with and provide reasonable assistance to the Transporter in obtaining information requested under the ~~Base Plan Assumptions~~ Transporting Britain's Energy process from persons not bound by the Code, including Delivery Facility Operators in respect of Connected Delivery Facilities at Aggregate System Entry Points and Offtake System Operators in respect of Connected Offtake Systems at Connected System Exit Points at which the User holds capacity, persons from whom the User has contracted to purchase gas, suppliers to whom the User has contracted to sell gas and consumers who are customers of such suppliers or of the User directly.”

Amend paragraph 4.1 to read as follows:-

“4.1 Publication and content of Ten Year Statement

4.1.1 On the basis of the information provided:

- (a) to Transco NTS by Users, other responses to the ~~Base Plan Assumptions~~ Transporting Britain's Energy consultation process and other information available to it, Transco NTS will;
- (b)

4.1.2 The Ten Year Statement will typically include:

- (a) details for year - 1 of actual peak day demand:
 - (i) for the Total System; and
 - (ii) for System Exit Points (other than Unmetered Connected System Exit Points) in accordance with paragraph 4.1.3;
- (b) estimates for each of years 0 to 9 (or for certain of such years) of:
 - (i) Total System 1-in-20 peak day demand and the Total System seasonal normal annual demand, upon each of the demand growth assumptions under paragraph (e) below; and
 - (ii) 1-in-20 peak day demand for System Exit Points in accordance with paragraph 4.1.3;
- (c) estimates for each of years 0 to 9 (or for certain of such years) of maximum daily supply for the Total System, by System Entry

Point, and the assumptions (in accordance with paragraph 2.2.1) on which such estimates were made;

- (d) an estimate for year 1 of the amounts by which maximum daily supply falls short of Total System 1-in-20 peak day demand;
- (e) different assumptions as to overall growth in demand for gas in years 0 to 9 or certain of such years;
- (f) the principal economic and other assumptions made by Transco NTS in preparing such estimates; and
- (g) a reference date for the making of estimations of demand.

4.1.3 The details or estimates in respect of System Exit Points under paragraphs 4.1.2(a)(ii) and 4.1.2(b)(ii) will be given:

- (a) in respect of LDZ Supply Points, on an aggregated basis by LDZ;
- (b) in respect of NTS Supply Points, on an aggregated basis for the Total System as a whole; and
- (c) in respect of each LDZ Connected System Exit Point on an aggregated basis by LDZ (but not for Storage Connection Points).”

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 :