

Modification Report
Additional Data Requirements for DM Capacity Referrals
Modification Reference Number 0047
Version 2.0

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

Pursuant to Uniform Network Code (UNC) section G5.1.3, a User is able to apply for revision of (by increasing or decreasing) Registered DM Supply Point Capacity. Such requests are in all cases directed to the relevant Gas Distribution Network or National Grid Transmission for assessment.

In addressing such requests, a number of Gas Distribution Networks have experienced difficulty. This is due to the fact that the UNC requires that Users provide limited data with respect to the 'site' at which a revision to capacity is required.

Currently, the UNC requires Users to provide;

- The Supply Point Confirmation Reference number,
- One Meter Point Reference ('M') Number relevant to the Supply Point for which a capacity revision is being sought,
- The requested revised capacities (daily and hourly), and
- The requested date of commencement for the revised capacities.

The non-specific nature of the second item (above) creates uncertainty for relevant Transporters where a 'multi metered' Supply Point is encountered. Given that the User is not required to provide the 'M' number relevant to the capacity request, on occasions, Transporters are unable to identify the meter where an increase in capacity is required.

It has been identified that to increase the efficiency of the Transporters response with respect to the sustainability of the capacity revision, there is a requirement for additional 'site specific' data. Transco believes provision of such data would facilitate the efficiency with which Relevant Transporters are able to process capacity referrals (potentially avoiding the need for 'on site' visits) and would increase confidence in the accuracy and timeliness of the response.

Consequently it is proposed to amend the UNC to reflect that the following additional data items are required by Transporters in order to address a Capacity Revision Application (pursuant to UNC section G5.1.4):

- Proposed Annual Quantity
- Intention or otherwise to install a compressor or booster
- Meter Point Reference for increased load (replacing the existing requirement: "One Meter Point Reference ('M') Number relevant to the Supply Point for which a capacity revision is being sought"),

- Shipper contact details (name, telephone, e-mail)

Additionally, it is proposed to modify the UNC to reflect that when considering a Capacity Revision Application, Transporters may reasonably request any additional information from the following list in order to assess the application:

- Information for other Meter Points impacted by the request for increased capacity, including meter points where the load may have reduced.
- Proposed Load profile (annual and daily)
- Phasing of development

It is also proposed to modify the UNC to establish the circumstances under which Transporters may reject a referral request – specifically where the above data items (including those additionally requested) are not provided.

In the event that it is necessary for the Transporter to assess the feasibility of making gas available for offtake (requiring a notice period of 21 Business Days), it is proposed that the Transporter be required to provide a response to the User (in accordance with UNC Principal Document G5.1.7 or G5.1.8) by the end of the 18th Business day following submission of the Capacity Revision Application.

It is proposed that where requested by the Transporter, the User will facilitate procurement of permission and access for the transporter to visit the consumers premises to establish any information required to address the request for increased capacity.

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

The proposer believes that the measures identified within this Modification Proposal further the GT Licence 'relevant objectives' of facilitating '*the efficient and economic operation of the pipe-line system to which this licence relates*' and '*the coordinated, efficient and economic operation of the combined pipe-line system and/or the pipe-line system of one or more other relevant gas transporters*'. The proposer suggests that this is achieved by seeking to ensure that relevant Transporters are furnished with all the required data in order to assess requests for revised capacity at relevant Meter Points in a timely manner.

SGN stated that “*the...proposal will better facilitate the relevant objectives. By improving the accuracy of the information on which such requests are assessed, it should ensure the economic and efficient development and operation of the pipe-line system*”.

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

No such implications have been identified.

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

a) implications for operation of the System:

It is anticipated that provision of additional specific information within the Capacity Revision Application will reduce the reliance on assumptions (in addressing the application) and will afford the Transporter an understanding of how the additional load will be offtaken (for instance stepped increases over a period of time following approval).

SGN commented that “*provision of the additional data should help ensure the Transporter’s decision is based on the most accurate and robust information, improving the appropriateness and efficiency of such decisions*”.

b) development and capital cost and operating cost implications:

No such implications have been identified.

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

No such cost recovery is proposed.

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

No such consequences have been identified.

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 incorporation of a requirement for a Transporter’s response within a defined timescale will create a new contractual obligation for Transporters.

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

No such implications have been identified.

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

Users will be required to provide additional data within the initial Capacity Revision Application though within the existing process it is likely that a Transporter will request some or all of such data in an ad-hoc request.

UKD commented that “*incorporation of a Transporter response timescale (within 18 business days of the application) would provide clarity for Users in respect of the timescale for the Transporter’s response*”.

SGN observed that the additional “*data should be readily available ...[and] should not require...significant additional effort or cost...It should also... ensure that request can be dealt with quicker...[and] also sets out clear timescales within which Users can expect to receive a response*”.

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

Suppliers and consumers may be required to provide additional information to the User in the first instance to enable the User to comply with the information requirements for a Capacity Revision Application.

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

No such consequences have been identified.

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

Advantages:

- Ensures that the Transporter has sufficient information to address the Capacity Revision Application in a timely manner.
- Obliges Transporters to provide a response within a defined timescale.
- Reduces reliance on assumptions.
- Facilitates Transporters operation of the pipeline systems.
- Reduces or eliminates requirement for Transporter to raise ad-hoc requests with Users for further information.

Disadvantages:

- Users would be required to provide further information at instigation of the Application.

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

Six representations (from the following) were received with respect to this Modification Proposal. Five parties support implementation, and one party offered qualified support.

<u>Organisation</u>	<u>Abbreviation</u>	<u>Position</u>
National Grid UKD	UKD	Support
Scotia Gas Networks	SGN	Support
British Gas Trading	BGT	Support
RWE npower	RWE	Support
Total Gas & Power	TGP	Support
E.ON	EON	Qualified Support

UKD believe that the *“additional data requirements advocated by the Proposal are necessary to enable to Transporters to provide timely and accurate responses”*.

RWE observed that the proposal *“would appear to improve the efficiency of processing DM Capacity referrals without due complexity”* and *“gives Users confidence that their requests for changes to a site's capacity will be dealt with in a timely fashion”*.

SGN *“believe...the additional data items...and timescales in which...to respond ...should improve the robustness and efficiency of the capacity referral process”* and added *“the additional data...[is] relevant and reasonable...[and] should help to minimise the need for subsequent requests for additional information and associated delays”*.

SGN noted that *“the Transporter may be able to reject a request where the data items specified have not been provided...we would anticipate that every effort would normally be made to obtain or provide such data, allowing the Transporter to carry out a thorough assessment and provide a timely and robust response”*.

TGP recognised that in respect of the additional data requirements *“Whilst this slightly increases the workload for the User initially it also reduces the amount of subsequent communication...[and] result in an overall efficiency saving”* and that the Transporter response timescale *“ensures that shippers will receive a response in time to confirm to consumers whether the increases have been approved”*.

TGP noted that *“Whilst we agree with the majority of the proposed legal text, we disagree with the proposed definition of “Annual Load Profile” however. The Transportation Principal Document already contains a separate definition of this term...we acknowledge that there are multiple definitions of the same term within the UNC (such as “relevant”) we would prefer the use of a distinct phrase to avoid confusion. We therefore suggest “Monthly Load Profile”*”.

The author of the legal text confirmed that the definitions within TPD section G5.1.13 of the proposed text are highlighted as applying only in respect of TPD section G5.1 and therefore the limited application of the definitions contained therein are sufficiently clear.

BGT observed that *“the description of the additional data that a Transporter may request...and in particular the data relating to changed flows at affected*

Meter Points...However, the new legal drafting...appears to be much more narrowly drawn, relating...to...where there has been an increase in offtake at one...Meter Point being offset...by a decrease at another...We would welcome clarification as to whether the drafting is correct”.

Having contacted the proposer, the SME can confirm that the proposer believes that the legal text as drafted accurately reflects the requirements identified within the proposal. This piece of information will only be required where there is a requested increase at a DM Supply Meter Point which is offset by a decrease at a DM Supply Meter Point within the same Supply Point.

Though offering qualified support, EON “*consider that some of the additional information may, in fact, impede progress...in so far as providing Transporters with an opportunity to reject...and that these additional items could be seen to be being used by a Transporter to effectively ‘stop the clock’...The only justified piece of information, in our opinion, is the specific Meter Point Reference”.*

EON added that “*the proposal builds in additional manual process. In the event that this proposal is implemented, it seems sensible that there ought to be one point of contact with Xoserve for all Capacity Revision requests”.*

The SME would respond that (without prejudice to any service xoserve wishes to offer) this would appear to be unnecessary as the proposal clearly states that additional data will be required to be issued by the Registered User directly to the relevant network or National Grid Transmission via e-mail or fax and not to xoserve.

EON questioned “*how AQ values can be relevant in assessing whether or not capacity increase or decrease is acceptable...how this would provide meaningful additional information, specific to the capacity revision process. As we would be unable to prove or warrant the accuracy, we would question the useful function such additional data might provide”.*

Having contacted the proposer, the SME can confirm that the proposer believes that the AQ value provides an extremely useful cross check for determining the usage profile of a customer when compared with both the SHQ and SOQ. This allows the calculation of a load factor to evaluate the nature of the load and the impact that it may have away from peak.

EON raised further questions in respect of “*Intention or otherwise to install a compression or booster This is a pressure, not a capacity issue and is only relevant to offtake rate (SHQ) and not capacity (SOQ), therefore, were this modification to be implemented, it should only be required in cases where an increased SHQ is requested”.*

Having contacted the proposer, the SME can confirm that the proposer believes that although the installation of a compressor or booster in some instances may not directly affect the SHQ or SOQ, the information that a compressor/booster is on site would be used to help accurately assess the profiled offtake on the network as this may change dramatically from a normal profile when this type of equipment is installed. The change of load on site may not affect the SHQ but

the introduction of a booster as part of a change will affect the performance of the local network and should be tested as such.

EON concluded that *“This proposal may theoretically improve the efficient and economic operation of the pipeline system but...may have limiting affects for ourselves and consumers...Transporters may reject a referral request...where data items...are not provided. It could be argued that this provides a disincentive for Users to ensure that the data is accurate as Users may consider that it is better to send anything, irrespective of the accuracy, than to receive a rejection”*.

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

Implementation of this Modification Proposal is not required to enable Transporters 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

This proposal is not required to facilitate any such change.

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

The provision of the additional data by Users will not require changes to existing file formats or UK-Link system. Users would be required to provide data directly to networks or National Grid Transmission via e-mail or fax.

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

This Proposal can be implemented with immediate effect (subject to the appropriate direction from the Authority).

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

No such implications upon existing standards have been identified.

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

At the Modification Panel Meeting held on 1 December 2005, of the 9 Voting Members present, capable of casting 10 votes, 10 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this 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

TPD Section G5

Amend Paragraph 5.1.3 to read as follows:

“ 5.1.3 Subject to the provisions of this paragraph 5, the Registered User of a DM Supply Point Component may apply to reduce or increase its Registered DM Supply Point Capacity by making a Capacity Revision Application.”

Amend Paragraph 5.1.4 (b) to read as follows:

“(b) the Supply Point Meter Reference Number of the DM Supply Meter Point, or (where there is more than one DM Supply Meter Point) the relevant DM Supply Meter Point, comprised in the Supply Point Component;”

Paragraph 5.1.4(c) remove “and”.

After paragraph (d) add the following paragraphs:

- “(e) the proposed Annual Quantity for the DM Supply Meter Point, or (where there is more than one DM Supply Meter Point) the relevant DM Supply Meter Point, comprised in such Supply Point Component;
- (f) whether a Compressor or Booster will be installed in respect of such Supply Point Component; and
- (g) the identity of the relevant Registered User making the Capacity Revision Application and the telephone number and email address of its contact representative.”

Amend paragraph 5.1.5 to read as follows:

“5.1.5 The date under paragraph 5.1.4 (d) shall be:

- (a) except ... 5 Business days;
- (b) where ... 21 Business Days;

after the date upon which the application is submitted.

Add new paragraph 5.1.9 to read as follows:

“5.1.9 For the purposes of assessing the feasibility of making gas available for offtake, the Transporter may request the Registered User to provide any of the following information:

- (a) the amount, resulting from such increase, of any reduction in the Supply Point Capacity relating to any other DM Supply Meter Point (s)

comprised in the DM Supply Point Component and the MPRN Number of such affected DM Supply Meter Point(s);

- (b) the proposed Annual Load Profile and Daily Load Profile;
- (c) the date from which the load profile is required;

and following such request the Registered User shall promptly provide the same to the Transporter.

Add new paragraph 5.1.10 to read as follows:

“5.1.10 Where it is necessary for the Transporter to assess the feasibility of making gas available for offtake in accordance with paragraph 5.1.5 (b), the Transporter will provide a response in accordance paragraph 5.1.7 or 5.1.8 no later than the 18th Business Day following the date of receipt of the Capacity Revision Application.”

Add new paragraph 5.1.11 to read as follows:

“5.1.11 Where requested by the Transporter, for the purpose of enabling the Transporter to assess the Capacity Revision Application, the Registered User will promptly procure permission for the Transporter to visit the premises at which the DM Supply Meter Point is situated and access thereto.

Add new paragraph 5.1.12 to read as follows:

“5.1.12 Requests for information by the Transporter in accordance with paragraph 5.1.9 and provision of information by the Registered User in accordance with paragraph 5.1.4 (e), (f) and (g) and paragraph 5.1.9 (a),(b) and (c) shall be communicated by facsimile or email.

Add new paragraph 5.1.13 to read as follows:

“5.1.13 For the purposes of paragraph 5.1 :

- (a) “**Annual Load Profile**” is the quantity (in MWh)of gas which it is anticipated will be offtaken at the DM Supply Point Component for each month of the Gas Year so as to show the within year variation of demand on a monthly basis.
- (b) “**Booster**” is a device (typically a centrifugal fan arrangement), located downstream of the outlet of the customer control valve, used to raise the pressure of gas by up to 200 mbar across the device.
- (c) “**Compressor**” is a device (typically a reciprocating or screw type arrangement), located downstream of the outlet of the customer control

valve on the service pipe, used to raise the pressure of gas by up to 40 bar across the device.

- (d) **“Daily Load Profile”** is the rate (in kWh/hour) at which it is anticipated that gas will be offtaken at the DM Supply Point Component for each hour within the Day so as to show the within day variation of demand on an hourly basis."
- (e) **“relevant DM Supply Meter Point”** is:
 - (i) in the case of an application to increase capacity, the DM Supply Meter Point through which gas will be offtaken in respect of such increase,
 - (ii) where a decrease only is required (other than as a result of an increase at another DM Supply Meter Point comprised in the DM Supply Point Component) the DM Supply Meter Point through which gas will be offtaken in respect of such decrease;

UNC General Terms Section B, Paragraph 5.1

Paragraph 5.1.1 (d) delete “or”

Paragraph 5.1.1 (e) add “; or”

Add new sub paragraph (f) to read:

- “(f) for the purposes of TPD Section G5.1.12 only, by such methods as set out therein.”

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 :