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Dear Julian,

Re: UNC Modification Proposal 0066 “Programmed Maintenance Notice Periods at NTS System Exit Points”

National Grid NTS offers qualified support for the aims of this proposal. However, whilst agreeing with the intent of the proposal, we believe that some of the detailed aspects are not reasonably practicable and that this should be addressed in the precise legal text. These concerns, identified below, have been discussed with the Proposer. Our support is, therefore, subject to acceptance of these minor amendments to the proposal.

National Grid NTS also has concerns with regard to the implementation date. Under the proposal a number of additional notices are required, the first being on 1st February. Even the earliest decision date from the Authority will leave National Grid NTS little preparation time. Implementation by 1st April will still mean that maintenance dates are confirmed with the Maintenance Relevant Parties prior to the 2006 maintenance period as the Proposer intends.

UNC currently places requirements on National Grid NTS to notify Maintenance Relevant Parties of planned works that are expected to affect a party's ability to offtake gas. This includes publication of the Maintenance Programme that identifies maintenance affected connections. The proposal is intended to “modify the notice period arrangements at NTS Supply Points” to “provide Users and consumers more timely information on NTS planned maintenance such that they will be better placed to manage their commercial positions”.

In summary, the proposal consists of four parts.

- i) Provision of maintenance notices specifying precise dates or a maintenance window (no longer than two weeks) for Maintenance Works. To be provided at the time of the draft maintenance programme (1st Feb).
- ii) To provide an update to the notices provided in (i) where the final maintenance programme differs from the draft maintenance programme. To be provided at the time of the final maintenance programme (1st April).
- iii) To provide maintenance notices (in addition to (i) and (ii)) specifying actual dates for Planned Maintenance works. To be provided no later than 42 days before maintenance works are due.
- iv) To provide information to Maintenance Relevant Parties relating to on-line pipeline inspections, including the site, the feeder, date of last and next inspections. To be provided by 30th September.

Taking each element in turn:

- i) In the vast majority of cases National Grid NTS will be able to provide either precise dates for maintenance activities or maintenance windows no longer than two weeks. However, for some complex or longer duration works this may not be possible. In these circumstances, National Grid NTS will undertake reasonable endeavours to provide a two week maintenance window but for works anticipated to take 10 days or more (which is extremely infrequent) e.g. relating to construction or diversion projects, the maintenance window may need to be as much as 28 days. Even in these cases National Grid NTS will provide the shortest period practicable. If this scenario is not recognised in the legal drafting National Grid NTS would be obliged to identify a two week maintenance window with a high expectation of revision. This would be contrary to the intent of the proposal that is to provide an improved degree of certainty to all parties.

It should be noted that where works are anticipated to take 10 days or more then the 10 days relate to the duration of National Grid NTS's activities. The duration of any impact on individual connections is likely to be shorter.

In discussion with National Grid NTS the Proposer accepted that the precise legal text should reflect that there might be circumstances where a maintenance window greater than two weeks and possibly as much as 28 days is justified. The duration of any such works will not override the provisions in the appropriate Network Exit Agreement that limits (in accordance with TPD Section L 4.3.2) the number of days for which the Transporter can be relieved of its obligation to make gas available for offtake (TPD Section J 3.5).

- ii) No further comments in addition to those provided with respect to i).
- iii) This notice should only apply to works initially notified as planned for a maintenance window. Existing code rules require a reminder notification at least 7 Days before the works (TPD Section L 4.1.4). National Grid NTS usually sends this notice 30 days before the works. Together with the proposed new notices issued in February and/or April a further notice, in respect of **all** works, will add additional unnecessary bureaucracy and cost. However, where only a maintenance window was provided in the February and/or April notices, National Grid NTS agrees that precise dates should be confirmed no less than 42 days before the planned works.

In discussion with National Grid NTS the Proposer agreed that the precise legal text should ensure that the proposed "42 day" notice need not apply to works where precise dates have previously been provided.

- iv) National Grid NTS agrees to the provision of the additional information requested.

To avoid the need for additional communications National Grid NTS intends to provide this information in the letter initiating the consultation process prior to development of the annual Maintenance Programme. This letter is normally sent in September or early October of each year. Hence, it would be more appropriate if provision of the new information required by the proposal was linked to a stage in the consultation process. To specify a delivery date of 30th September in UNC, as indicated by the proposal, may lead to the new information being sent to parties separate from other existing information thereby creating additional unnecessary bureaucracy.

In discussion with National Grid NTS the Proposer agreed that it would be better if the legal text should refer to a date already specified in UNC such that the requirement is to provide the necessary information no later than 6 weeks before the date specified in TPD Section L 1.5 (a) (i).

Subject to inclusion of the amendments as agreed with the Proposer, National Grid NTS supports the proposal.

Better facilitation of the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

The proposer states that “Increasing notice periods for long cessations and applying a cancellation notice period would better facilitate the achievement of the following relevant objectives: A11 1 (a)..... A11 1 (c)..... A11.1 (d).....”.

National Grid NTS agrees that the proposal better facilitates the achievement of relevant objectives A11 1 (a) “The efficient and economic operation of the pipe-line system to which the licence relates” for the reason stated by the Proposer. This will be achieved through improved co-ordination of the planned activities of the consumer and National Grid NTS leading to a reduced need for works to be rescheduled.

National Grid NTS disagrees that the proposal better facilitates the achievement of relevant objectives A11 1 (c) “..... securing that no shipper, supplier or DN operator obtains any unfair commercial advantage from a preferential or discriminatory arrangement”. National Grid NTS disagrees with any suggestion that any party is currently receiving preferential or discriminatory arrangements. The proposal, if implemented, will have no impact on consistency of treatment.

The implications for National Grid NTS as a Transporter of implementing the Modification Proposal.

The proposal, if implemented, will have a minor ongoing resource impact on National Grid NTS to produce the additional maintenance notices and to collate previously unpublished data. This will be greater in the first year but is not considered to be substantial.

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 proposal, if implemented, should have no impact on the contractual risk to National Grid NTS. Early provision of precise dates of planned maintenance works does not alter National Grid NTS’s ability to cancel or reschedule works. Also it does not affect the maximum number of maintenance days stated in the NExA. Hence there should be no risk of incurring additional liabilities for failure to make gas available for offtake.

There is a possibility that improved coordination of works would reduce the need to reschedule works at a late stage, hence reducing such liabilities. This is considered a small impact.

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

The Proposer identified a number of advantages that National Grid NTS agrees would arise. However, National Grid NTS stresses that there will still be instances where maintenance works will need to be rescheduled, possibly at short notice, and that this proposal does not remove that possibility.

National Grid NTS identifies the following disadvantages.

- Provision of on-line inspection information will be indicative only. There are many reasons why inspection periods may be adjusted. Users and consumers may question the scheduling of the on-line inspection of “their” feeder before the previously indicated “due date”. This could lead to confusion and/or time-consuming challenges.
- The earlier that National Grid NTS confirms a period for certain works the greater the likelihood that external events cause the need to reschedule. Users and consumers must be made aware that cancellation of works and rescheduling is, and will always remain, a possibility and that the probability increases the longer the period between notification and actual works.

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

National Grid NTS has, prior to the raising of this proposal, been considering process improvement, including some of the changes required by this proposal. Hence implementation will build on existing practice, which will require only minor revision.

However, National Grid NTS considers that an implementation date of 1 February 2006 is unrealistic as a number of additional notices will be required on this date and suggests an implementation date of 1 April 2006.

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

National Grid NTS suggests an implementation date of 1st April 2006. This is the date of publication of the final Maintenance Programme in accordance with the current provisions of the UNC.

Yours sincerely

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