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The Joint Office, Relevant Gas
Transporters and other interested
parties

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Dear Colleague,

21 February 2006

Modification proposal 0066 'Programmed maintenance notice periods at NTS system exit points'

Ofgem¹ has considered the issues raised in the modification report in respect of Uniform Network Code (UNC) modification proposal 0066 '*Programmed maintenance notice periods at NTS system exit points*' and, having regard to the principal objective and statutory duties of the Authority², has decided to direct the relevant gas transporters to implement modification proposal 0066.

The Modification Proposal

Modification proposal 0066 was raised by Scottish Power Energy Management Ltd on 9 November 2005.

The modification proposal seeks to change the notice period arrangements at NTS supply points, such that National Grid NTS (NG NTS), at the time of the publication of the draft of the Maintenance Programme (1 February), will send to Maintenance Relevant Parties¹ at NTS supply points, Programmed Maintenance notifications identifying wherever possible the specific dates on which planned maintenance work will be carried out. Where it is not possible to provide specific dates, as may be the case in respect of online inspections, a "Maintenance Window" will be notified that will be no longer than two weeks in duration.

Under this proposal, no later than the publication of the final Maintenance Programme (1 April) NG NTS will issue revised notifications to the Maintenance Relevant Parties where the dates are changed since the publication of the Maintenance Programme or where the precise dates are available.

Notwithstanding any notifications provided as part of the draft of the Maintenance Programme or the final Maintenance Programme, NG NTS will notify Maintenance Relevant Parties as soon as reasonably practicable, but no less than 42 days before maintenance work is due to commence, the actual dates on which planned maintenance will be carried out. The proposer stated that this additional notification provision will ensure that where maintenance is due to start on or soon after 1 April the maintenance relevant parties will still get at least six weeks' notice.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem' and 'the Authority' are used interchangeably in this letter.

² Set out in Section 4AA of the Gas Act 1986, as amended.

In addition, under this proposal NG NTS will publish information to the Maintenance Relevant Parties at each NTS Supply Point concerning its online pipeline inspection programme carried out under the provisions of Section L 4.4 so that these parties are aware when a prolonged period of maintenance affecting their offtake will be expected. This information to be provided by NG NTS should include the affected site, the feeder, the date of the last inspection and the latest date by which the next inspection must take place, noting when this is a confirmed date. The information should be provided by 30 September so that users and consumers can consider this in their maintenance planning submissions by 30 November as per section L1.5a. According to the proposer, this advance notice period may allow users and consumers to align significant site maintenance with the NG NTS maintenance and encourage early dialogue on maintenance planning schedules.

Respondents' views

Eight responses were received in relation to modification proposal 0066³. Seven respondents supported the modification proposal, and one respondent expressed its qualified support.

A number of respondents considered that this modification would further the relevant objectives by ensuring greater coordination of maintenance.

One respondent noted that NG NTS provided further clarification in November regarding proposed process for notification of NTS planned maintenance. The respondent stated that NG confirmed that they will try to coordinate maintenance activities with end users where possible and try to avoid periods where disruption to the offtake may cause particular problems. However, the respondent noted that under certain circumstances this may not be possible and, where cancellation is due to unforeseen circumstances, it may be difficult to provide advance notice.

Another respondent noted that there may be good reasons why NG NTS is not able to precisely meet the notice periods and stated that the proposed modification could be drafted to give NG NTS some flexibility in provision of this information

One respondent stated that the provision of additional information concerning online inspection programmes to all affected parties will help to avoid undue preferential or discriminatory arrangements, as, absent this proposal, some parties may have gleaned information from NG NTS concerning online inspection programmes that may not have been available to all the parties that may be affected by such programmes.

The proposer stated that there have been a number of changes over the last few years impacting the number of directly connected supply points and the competitive nature of the market in which they operate, and stated that this modification seeks to make further positive changes to the procedures surrounding planned maintenance contained in Section L of the UNC. The proposer also stated that they believed that any text provided for this modification should incorporate the elements suggested by NG NTS in its response, which had been discussed with the proposer.

Qualified support

One respondent (NG NTS) offered qualified support for the proposal. The respondent, whilst agreeing with the intent of the proposal, stated that some of the detailed aspects are not reasonably practicable and this should be addressed in the precise legal text. The

³ Respondents' views can be found on the Gas Transporters Information Service <https://gtis.gasgovernance.com>

respondent noted that these concerns were discussed with the proposer, and stated that its support is therefore subject to acceptance of these minor amendments to the proposal. The respondent also had concerns with regard to the implementation date. The respondent noted that under the proposal a number of additional notices are required, the first being on 1 February. The proposer noted that even the earliest decision date from the Authority will give NG NTS little preparation time. According to the respondent, implementation by 1 April will still mean that maintenance dates are confirmed with the Maintenance Relevant Parties prior to the 2006 maintenance period as the Proposer intends.

In particular, NG NTS expressed concerns on the following aspects of the proposal:

- ◆ Whilst in the majority of cases NG NTS will be able to provide either precise dates for maintenance activities or maintenance windows no longer than two weeks, the respondent stated that for some complex or longer duration works this may not be possible. NG NTS noted that it had some discussions with the proposer, in which the proposer accepted that the precise legal text should reflect that there may be circumstances where a maintenance window greater than two weeks and possibly as much as 28 days is justified;
- ◆ the proposal also requires NG NTS to provide maintenance notices specifying actual dates for Planned Maintenance works (to be provided no later than before 42 days are due). The respondent stated that this notice should only apply to works initially notified as planned for a maintenance window. NG NTS noted that it had discussions with the proposer, in which 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; and
- ◆ the proposal requires NG NTS 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 30 September. However, NG NTS stated that, to avoid the need for additional communications, it 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, according to NG NTS, it would be more appropriate if provision of new information required by the proposal was linked to a stage in the consultation process. NG NTS added that to specify a delivery date of 30 September in the 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. NG NTS stated that it had discussions with the proposer, in which the proposer agreed that it would be better if the legal text should refer to a date already specified in the UNC such that the requirement is to provide the necessary information no later than six weeks before the dates specified in TPD section L.1.5(a)(i).

Panel recommendation

At the modification panel meeting of 23 September 2005, of the eight voting members present, capable of casting ten votes, ten votes were cast in favour of implementing modification proposal 0046. Therefore the panel recommended implementation of the proposal.

Ofgem's view

Ofgem has carefully considered the views raised by all parties in relation to modification proposal 0066.

Having had regard to the principal objective and the statutory duties of the Authority, Ofgem considers that this modification proposal better facilitates the relevant objectives (a), and (c) as set out in paragraph 1 of Standard Special Condition A11 (Network Code and Uniform Network Code) in the Gas Transporter Licence.

Standard Special Condition A11(1) (a) – the efficient and economic operation of the pipe-line system to which this licence relates, A11(1) (c) – the efficient discharge of the licensee’s licence obligations

Ofgem notes that this proposal would allow relevant parties to be given improved notice of NTS maintenance. Ofgem therefore concurs with the view of the proposer that the proposal would better facilitate the efficient and economic operation of the NTS pipeline system by ensuring better coordination of maintenance.

Ofgem also considers that clear and transparent rules regarding the publication of relevant maintenance information would ensure that all parties are treated in a consistent manner, therefore facilitating the efficient discharge of the licensee’s licence obligations. Ofgem notes that NG NTS disagrees with any suggestion that any party is currently receiving preferential or discriminatory arrangements. However, Ofgem would note that this proposal would provide greater assurance that all parties are treated in a consistent manner.

Ofgem also notes that NG NTS’s suggestions have been incorporated into the legal text of modification proposal 0066.

Ofgem’s decision

For the reasons outlined above, Ofgem has decided to accept modification proposal 0066.

If you wish to discuss any aspect of this letter, Matteo Guarnerio (telephone 0207 901 7493) would be pleased to assist.

Yours sincerely

Robert Hull
Director, Transmission