

Draft Modification Report
Extending Uniform Network Code to allow Users to raise Class 3 UK Link
modification proposals
Modification Reference Number 0091
Version 2.0

This Draft 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

Recently there have been industry discussions on areas such as adding additional Gemini functionality and the provision of a test environment to be available for User testing of specific UK Link modifications. In both circumstances, the discussions have faltered when it came to how any costs associated with the provision of necessary system changes would be met. Assuming however, that Users could come to an agreement as to how any costs should be apportioned and recovered, the current rules still require a Transporter to make a Modification Proposal in respect of the Class 3 UK Link Modification. However, as the Transporters have no obligation to make such a proposal and further have no specific interest in the proposal, this might further hamper the ability of the industry to progress such Class 3 UK Link Modifications because of uncertainty as to how to instigate the UK Link change once any agreement has been reached on the treatment of any incurred costs.

Hence it is proposed that the UNC be changed to allow either a User or a Transporter to make the necessary Modification Proposal which would, if approved by the Authority, allow the Class 3 UK Link Modification Proposal to be implemented.

Should this Proposal fail to be implemented the industry would still be unclear as to how it could progress a Class 3 UK Link Modification because of the Users' current inability to instigate the required process.

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

The proposer believes that this Proposal would, if implemented, better facilitate the Relevant Objectives specified within the Gas Transporters Licence as they relate to the securing of effective competition between relevant shippers and/or relevant suppliers. For example, implementation of a Class 3 UK Link Modification Proposal might improve Users' transactional efficiency on UK Link or, in the case of testing facilities, reduce Users' contractual risks. Providing a more direct means for progressing a UK Link Modification would therefore enhance Users' abilities to obtain these benefits. Additionally, clarity for Users in the way Class 3 UK Link Modification Proposals can be initiated, will improve the efficiency of the administration of the UNC and UK Link.

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

The implementation of this Proposal should not have any effect on security of supply or the operation of the Total System and industry fragmentation.

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

a) implications for operation of the System:

The proposer does not believe this Proposal, if implemented, would adversely affect the operation of the System.

b) development and capital cost and operating cost implications:

The proposer does not believe that implementation of this Proposal would necessitate any non-trivial development or capital costs to be incurred.

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

The proposer does not believe this Proposal, if implemented, would require the recovery of any additional costs.

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

The proposer does not believe this Proposal, if implemented, would have any consequences on price regulation.

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 does not believe that this proposal will affect the level of contractual risk for each Transporter as the Class 3 UK Link Modification would itself need to address how any associated costs are to be recovered from UK Link Users.

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 does not believe that there will be any direct impact on the UK Link Systems as a result of this Proposal being implemented.

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

The proposer believes that this proposal will improve the potential for Class 3 UK Link Modifications to be made where Users have identified these. Such Modifications would, if implemented be expected to reduce Users' administrative and operational costs and in some cases reduce the level of contractual risk.

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

No such implications have been identified.

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

- will allow Users to progress changes to UK Link under circumstances where the Transporters have no intention to make such changes unless the costs of making the changes are to be recovered from UK Link Users
- will remove the anomaly whereby currently the Transporters have to make the UNC Modification Proposal in order to introduce changes in which otherwise they have no interest or obligation to make
- will contribute to the promotion of efficiency in the implementation and administration of the UNC and UK Link

Disadvantages

- none identified

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

Written Representations are now sought in respect of this Draft Report

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 to enable each Transporter 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

Implementation is not 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.

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

No programme of works would be required as a consequence of implementing the Modification Proposal.

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

Implementation can be immediate on receipt of direction from Ofgem.

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

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

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

19. Text

UNIFORM NETWORK CODE – TPD SECTION U – UK LINK

Paragraph 8.5.2 revise to read as follows:

"8.5.2 Before ~~making~~ a Class 3 Modification may be made by the Transporters, a ~~m~~Modification ~~p~~Proposal in respect thereof must be made in accordance with the Modification Rules and the Transporters or any User shall be entitled to make such a Modification Proposal.."

Paragraph 8.5.3 revise to read as follows:

"8.5.3 The Transporters may ...the subject of the ~~m~~Modification ~~p~~Proposal referred to in paragraph 8.5.2."

Delete Paragraph 8.5.5.

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report

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 :