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CODE MODIFICATION PROPOSAL No. 0091
“Extending Uniform Network Code to allow
Users to raise Class 3 UK Link modification proposals” V2.0

Dear Julian,

Thank you for your invitation seeking representation with respect to the above Modification Proposal.

National Grid NTS is offering qualified support to Modification Proposal 0091, on the assumption that all subsequent Class 3 Modification Proposals explicitly address the issues surrounding payment and implementation responsibility.

Below is National Grid NTS’s detailed response to the Modification Proposal;

1. The Modification Proposal

Proposal 0091 seeks to enable Users with the facility to be able to raise their own Class 3 Modification Proposals (within the boundaries of using UK Link Systems).

At present the current option for the Users is to agree with a Transporter to raise a Class 3 Modification Proposal on their behalf. Thus this Proposal seeks to eliminate that element of involvement from the Transporters, which we believe is a good idea.

This Proposal does not however identify the route that would be used to address payment and implementation responsibility for any subsequent Class 3 Modification Proposals although we do appreciate that the Proposer has made it clear during the development of this Proposal that this Proposal is an enabling Proposal and that any subsequent Class 3 change Proposals will necessarily have to address any associated issues regarding funding and implementation responsibilities.

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

We are of the view that this Modification Proposal, in respect of the Gas Transporter Licence Standard Special Condition (SSC) A11.1 (d) would be in the interest of promoting and securing effective competition by enabling Users to raise their own Class 3 Modification Proposals. As such we believe that this Proposal is being used as a vehicle to enable any User to raise a Class 3 Modification Proposal without prior interaction with a Transporter.

This Proposal would also promote efficiency in the administration of the UNC (SCC A11.1 (f)) and UK Link, by alleviating the Transporters from an obligation to raise Class 3 Modification Proposals on behalf of Users of which they have no involvement or authority over. It removes a layer of complexity that does not adversely impact with any contractual or regulatory obligations.

However, we would request further clarification from the Proposer/UNC Committee with regards to who they would see as being responsible for any initial costs of any IS Impact Assessment (IA) required (and subsequent implementation cost concerns) by Class 3 Modification Proposals.

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

This proposal should not, if implemented, affect the security of supply or operation of the Total System. There are no known implications connected with industry fragmentation.

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

a. Implications for operation of the System:

No such implication has been identified from this Proposal.

b. Development and capital cost and operating cost implications:

This Proposal should not place any additional obligations upon the Transporters; to implement this Proposal would have little or no impact on existing systems and business processes.

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

If implemented, this Proposal would not require the recovery of any additional costs.

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

No such implications have been identified from this Proposal.

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

This Modification Proposal should not affect the level of contractual risk for each Transporter; however subsequent Class 3 Modification Proposals will need to identify the associated costs and recovery mechanisms for the appropriate 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 Transporters and Users

This Proposal does not infer that the UK Link System or any other related systems would be affected unfavourably.

However future Class 3 Modification Proposals may impact the UK Link System, therefore implying that National Grid NTS would be potentially liable to fund internal system changes to incorporate the Users changes requested in their Class 3 Modification Proposal.

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

This Proposal will ensure that Users are able to raise Class 3 Modification Proposals for their own initiatives without the involvement of a Transporter.

The cost of implementation of Modification Proposal 91 would be neutral to all parties involved. Once this change was implemented any subsequent Class 3 Modification Proposal would need to be assessed and provide all associated costs, risks and payment methodologies.

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

No material effects are anticipated in this area.

9. Consequences on the legislative and regulatory obligations an contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

No consequences within this area have been identified.

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

a. Advantages:

- Will enable any User to raise an appropriate Class 3 Modification proposal, thus removing the obligation from the Transporter to raise it on the Users behalf therefore promoting competition in respect of SCC A11.1.

- Will provide an enabling system for Users to submit their own Class 3 Modification for approval through the UNC Committee and appropriate processes.
- Should effectively ensure openness between Users and Transporters in addition to allowing the User raise a Class 3 Modification Proposal on a timely basis.
- Removes any interpretation that a Transporter may unwittingly place upon a User's Proposal.
- Would promote process efficiency of UNC and UK Link.

b. Disadvantages:

- The Proposal does not identify the specific User type that can raise Class 3 Modifications; it may be useful for the Proposer to identify the Users as 'UK Link Users' which would mitigate any confusion caused.
- The Proposal does not address payment/funding mechanisms for any Class 3 Modification Proposal and as payment has not been addressed this is a risk to Transporters.
- Assurances are sought by Transporters that they will not be held responsible for any unrecoverable "costs" of a Class 3 Modification Proposal raised by a User.
- Process for IS Impact Assessment (IA) obligations and funding of that IA requirement are not clearly identified by this Proposal.

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

It is not envisaged that implementation is required to enable the Transporters to facilitate compliance with safety or any other legislation.

In conclusion, National Grid NTS is offering qualified support to Modification Proposal 0091.

Please let me know if you, or the SME assigned to this Proposal, require any further information to enable preparation of the Final Modification Report.

Yours sincerely

[Via Email]

Ritchard Hewitt