

CODE MODIFICATION PROPOSAL No. 0091

"Extending Uniform Network Code to allow Users to raise Class 3 UK Link modification proposals"
Version 1.0

Date: 05/07/2006

Proposed Implementation Date: 01/11/2006

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

This Proposal follows from discussions in the UK Link Committee and Governance workstreams in connection with the efficient treatment of Class 3 UK Link Modifications. We believe that the Proposal is straightforward and would recommend that it be sent direct to consultation in light of the discussions that have already taken place regarding the subject of the Proposal.

Nature and Purpose of Proposal (including consequence of non implementation)

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.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

We believe 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.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

a. Proposed implementation timetable

As soon as is practicable

b. Proposed legal text

It is suggested that paragraph 8.5.2 of Section U of the UNC be amended as follows:

“Before making a Class 3 Modification, the Transporters *or any User* must make a modification proposal in respect thereof in accordance with the Modification Rules.”

c. Advantages of the Proposal

- 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

d. Disadvantages of the Proposal

We are unaware of any disadvantages.

e. 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.

f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including

i. implications for operation of the System

We do not believe this Proposal, if implemented, would adversely affect the operation of the System.

ii. development and capital cost and operating cost implications

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

iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs

We do not believe this Proposal, if implemented, would require the recovery of any additional costs.

iv. analysis of the consequences (if any) this proposal would have on price regulation

We do not believe this Proposal, if implemented, would have any consequences on price regulation.

g. 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

We do 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.

h. 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

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

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

We believe 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.

Code Concerned, sections and paragraphs

Primarily UNC Transportation Principal Document
Section U

Proposer's Representative

Sharif Islam (Total Gas and Power Limited)

Proposer

Steve Ladle (Total Gas and Power Limited)

Signature

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