

CODE MODIFICATION PROPOSAL No. 0098a
"Modification to Codify Emergency Curtailment Quantity (ECQ) Methodology"
Version 1.0

Date: 27/07/2006

Proposed Implementation Date:

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)

Coincident with Modification Proposal 0098.

We believe that a single modification proposal that would require the Authority to provide a single judgement on whether or not to include the "ECQ Methodology Statement", ("the methodology"), within the UNC governance framework, *and* change the methodology by which the ECQ is derived, is inappropriate. We believe that placing the methodology under UNC governance arrangements to be a fairly non-contentious change and could be implemented quickly following direction. A change to the methodology to include nominations in the calculation would impact the commercial regime, DM nomination behaviour, and consequently, NDM nominations and would require a significant re-write of the ECQ calculator system. The re-write would be due to the fact that the methodology in place draws principally (data volume-wise) on supply point offtake allocation information which is obtained from after-the-day data storage media, whereas nomination information would need to be obtained within day from Gemini. The system issues surrounding this change should not be underestimated

Consequently, we believe the changes included in proposal 98 are necessarily two changes to the UNC. This alternate could be used as the vehicle for dealing with the governance arrangements, whereas the original MP98 could concentrate on the issues surrounding the use of nomination data in the methodology, (although clearly responses could not, and should not, be limited on that basis.)

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

The purpose of the proposal is to include the methodology, as defined in version 1.1, with the UNC governance arrangements. The entire methodology would not be drafted into the UNC but it would be referenced as a UNC ancillary document. As such, changes would be placed under the oversight of the UNC committee, with recourse to modification procedure if the committee could not make determination. For the avoidance of doubt, it is proposed that, at any stage of the change process, any UNC party could propose a change to the methodology using either the committee route or the modification process route, thereby alleviating a concern raised by the Authority in its decision letter on Modification Proposal 0054 / 0054a.

We believe that it is the governance process that controls change that is more important than the physical location of the words and that our proposal provides an excellent fit with arrangements approved by the Authority in their decision over the governance of other UNC referenced documents established during Network Code Modification Proposal 0730.

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 the incorporation of this document under the governance of the UNC would assist transparency and accountability. It also has the means of providing efficient consultation. These factors would contribute both to the efficient and economic operation by transporters the combined pipeline system and increase the certainty and confidence of all UNC parties, thereby facilitating competition between shippers and suppliers. Therefore, we consider that implementation of this proposal would further the relevant objectives of the proposed UNC.

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

We do not anticipate any changes to system or procedures as the proposed governance model already exists for the documents referenced in Network Code Modification Proposal 0730

Code Concerned, sections and paragraphs

Transportation Principal Document
Q6

Proposer's Representative

Alan Raper (National Grid)

Proposer

Phil Lawton (National Grid)

Signature

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