

Moffat Agent submission on Modification 100 - Amendment to OPN/SFN Submission Times

The Moffat Agent would like the following comments noted in relation to NGG's currently proposed modification to the Network Code – Amendment to OPN/SFN Submission Times (Code Modification Proposal No. 100).

These comments are submitted by the Agent on behalf of the community of 31 Shippers presently registered at Moffat (this includes 17 NTS Shippers and 14 Irish Shippers, with 2 additional Shippers registering effective October 1st).

As you may be aware, the Moffat Agent provides an administration function to manage Nominations/Mismatches, Allocations and Profiling at the Moffat Connected System Exit Point for all Gas being transported to Ireland (both North and South) and to the Isle of Man. The two governing Agreements are the Moffat Administration Agreement and the Offtake Profile Notice (OPN) Agency Agreement. Designated by National Grid Gas, the Agency Agreements were signed in October 1998, the current Agreements term runs to 30th September 2009 with BGE (UK) as Operator since inception.

The Agent is against any change in the time for the Submission of the Initial OPN's.

If Modification 100 is implemented as currently drafted this Modification would require a series of amendments to both the Moffat Administration and OPN Agency Agreements and it is understood that a modification may also be required to the Connected Systems Agreement (CSA) at Moffat, as well as significant changes to current operating procedures.

Operationally the summary of the various times as stated in the Moffat Administration and OPN Agency Agreements oblige;-

- Irish Shippers to submit their initial Nomination by 10:00 on D-1
- NTS Shippers to submit their initial Nomination by 11:00 on D-1
- The Agent to compile all Nominations and generate any required Mismatch Notices which are circulated to mismatched Shippers by 12:30 on D-1.
- Shippers then have until 15:00 on D-1 to submit Correction Nominations
- If no matching Correction Nominations are received at 15:30 the Agent applies a Default quantity on that contract for inclusion on the matching matrix
- On production of a matched matrix, the sum of all contracts – the EODQ (End of Day Quantity) is then advised to the OPN Agent by 16:00
- The OPN Agent prepares the profile in accordance with the principals in the CSA Agreement and is then obliged to submit the initial profile to NGG by 17:00 on D-1.

In the 8 years of Operation of the Agency these timings have generally worked quite well and the Agent has an excellent working relationship with NGG's Operations centre. On days when no Mismatch occurs the initial profile is usually submitted earlier than the allowed time limit.

If this Modification is approved as drafted a series of timings changes throughout Section 5 of the MAA and Section 3 of the OPNA will be required. Per the modification process in the MAA & OPN, Modifications to the Agreements cannot be achieved in the short timeframe before 1st October 2006 as presently proposed by NGG.

On an Operational Level:

- With the level of administration that is required to compile Nominations from the 23 Active Shippers daily (August data) on 25 different contracts, amending the OPN submission time to noon will be very difficult for the Agent to achieve on an Operational level, even with a change in the submission times for our member Shippers initial Nominations.
- Any subsequent move forward in the submission times for our registered Shippers will also pose difficulty for many of the Shippers who may be dependant on other D-1 administration processes to run before they can calculate their initial Nominations.
- Shippers may be encouraged not to submit an initial Nomination at all, only submitting Renominations after 18:00 on D-1; which will reduce the accuracy of NGG's estimates.

On a Cost level:

- Modification of IT Systems (i.e. the GTMS system for the Agent) plus many Shippers individual Gas management systems will have significant development costs for both the Agent and for individual member Shippers.
- Modifying the Agreements will have Development and Legal cost implications for the Agency Shippers.
- The daily processing of an increased number of Renominations once Shippers amend their initial Nominations later in the Gas Day
- Shippers with Contracts that limit the number of Renominations will be put at a disadvantage by being obligated to Nominate and Match earlier in the Day.

While the Agent appreciates NGG's goal to improve D-1 estimates, we suspect that in reality the earlier that Shippers are obliged to submit Nominations, the more likely the Nominations are to be subsequently revised. The Agent fails to see how the provision of earlier Initial OPN's on D-1 will result in more accurate data for NGG.

If you have any follow-up questions on Agency Operations please feel free to give me a call to discuss further.

Best regards

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Complete versions of the MAA & OPN are available on
<http://www.bge.ie/networks/index.jsp?1nID=102&2nID=108&pID=240&nID=242>