

Draft Modification Report
Amendment of Px’s Network Entry Agreement
Modification Reference Number 0110
 Version 1.0

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

Px (Teesside Gas Processing Plant) Limited (“Px”) are one of the delivery facility operators at the Teesside Aggregate System Entry Point (ASEP).

Excelerate Energy are in the process of installing an LNG gasification shipping operation to deliver additional volumes of gas into the Px sub-terminal which are planned to commence in the middle of this coming winter. A new metering installation is required at the sub-terminal for the Excelerate connection which will be combined with the existing Px metering system to produce an new consolidated metering package for the Px sub-terminal.

These works require that some technical parameters of Px’s Network Entry Provisions (NEPs) relating to the metering system be amended.

Px’s NEPs are contained within its Network Entry Agreement (NEA). It is therefore proposed that certain references in Schedule 4 – Measurement Provisions of Px’s NEA are amended as follows:

Parameter	Present Permitted Range	Revised Permitted Range
Volume Flow Rate (CM/hour)	0 – 600,000	0 – 1,400,000
Energy Flow Rate	0 – 240,000 MJ/hour	0 – 55,000 GJ/hour
Instantaneous standard volume flow rate (MSCM/day)	0 – 14.4	0 – 32.0
Instantaneous energy flow rate (TJ/day)	0 – 576	0 – 1,250
Integrated standard volume flow (MSCM/day)	0 – 14.4	0 – 32.0
Integrated energy flow (TJ/day)	0 – 576	0 – 1,250

Section I2.2 of the UNC Transportation Principal Document provides that the prevailing NEPs at a System Entry Point (SEP) may only be amended either with the written consent of all Users who hold NTS Entry Capacity at the Aggregate System Entry Point (ASEP) in which the relevant SEP is comprised

or by way of a Uniform Network Code Modification. The Proposer wishes to effect this proposed change to Px's NEA by implementation of this Proposal.

If this Proposal is not implemented, certain of the metering parameters in Px's NEA will become incorrect which may hinder the delivery of additional gas supplies to the UK, to the detriment of security of supply.

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

In the Executive Summary of its Winter 2006/7 Consultation Document, National Grid NTS states that, "the supply-demand outlook for 2006/07 is particularly uncertain, and it is not clear at this stage whether the position will be more or less tight than it was in 2005/06". Following the receipt of responses to that consultation, in its update document issued in July 2006, National Grid NTS stated that, "a high degree of uncertainty remains, with a wide range of possible outcomes around the revised base case."

Against this background, the proposed changes at the Px sub-terminal at Teesside are capable of enhancing the UK's security of supply for this winter, subject to timely completion of the necessary technical and commercial changes. As a result of the proposed change, Px's approximate supply capability at Teesside is expected to increase by up to 12 mscmd, which this Proposal directly seeks to facilitate.

Such enhanced supply capability is expected to better facilitate the securing of effective competition between relevant shippers and between suppliers and should also help to mitigate the risk of excessive gas prices this winter, thereby better facilitating the efficient and economic operation of the pipe-line system.

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

National Grid NTS believes that this Proposal, if implemented, would enhance security of supply by facilitating additional volumes of gas to flow into the Total System.

National Grid NTS is unaware of any 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:

Reconfiguration of the gas telemetry system for new signals and increased flow parameters will be required, together with full end to end testing of signals.

National Grid NTS is unaware of any implications for other Transporters of implementing the Proposal.

b) development and capital cost and operating cost implications:

No development, capital or operating costs are expected to be incurred by Transporters or Users as a consequence of implementing this Proposal.

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

National Grid NTS does not believe that this Proposal, if implemented, requires it to recover any additional costs.

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

National Grid NTS does not believe that 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

National Grid NTS considers that implementation of this Proposal would have no effect on the level of contractual risk of each Transporter.

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

National Grid NTS does not envisage any impact on the UK Link System if this Proposal were to be implemented.

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

National Grid NTS considers that implementation of this Proposal will not affect the administrative and operational costs of Users, nor their 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

National Grid NTS considers that this Proposal will impact the Px sub-terminal operator but none of the above groups in generality.

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

- Implementation of this Proposal would contractually recognise the potential for higher flow rates through the Px sub-terminal at Teesside, which National Grid NTS believes would both enhance security of supply and mitigate the risk of excessive gas prices this winter.

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)

27 Sept 2006	Issue Draft Modification Report for consultation
04 Oct 2006	Close out of representations

11 Oct 2006	Submit Final Modification Report to Modification Panel
19 Oct 2006	Modification Panel recommendation
01 Nov 2006	Ofgem decision
November 2006	Amend Px's NEA.

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

Implementation would be effected by a modification to the text of Px's NEA, therefore legal UNC text is not required.

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 :