

**Modification Report**  
**The Provision of Ex-Post Demand Information for NTS Offtakes**  
**Modification Reference Number 0130**  
Version 2.0

This Modification Report is made pursuant to Rule 9.3.1 of the Modification Rules and follows the format required under Rule 9.4.

## **1 The Modification Proposal**

The Proposal was as follows:

“UNC Modification Proposal 0121 requires publication of the previous Day’s total physical flows from the National Transmission System (NTS) by individual NTS Exit Point. In particular, the publication of the previous Day’s total physical flows from the NTS for each individual storage site, power station, interconnector, NTS connected industrial load and individual NTS exit point into each LDZ.

E.ON UK, as an alternative, proposes publication of the previous Day’s total physical flows from the National Transmission System (NTS) divided into four categories of:

- (i) Aggregated ex-post LDZ offtake flows
- (ii) Aggregated ex-post power generation offtake flows
- (iii) Aggregated ex-post storage site offtake flows.
- (iv) Aggregated ex-post industrial load offtake flows

For information on which individual NTS Exit Point would belong in which category detailed above, please refer to Appendix 1. It should be noted that this Appendix is for information only and should not be treated as a definitive list upon which this Modification Proposal should rely. In determining the appropriate category for each NTS Exit Point, particularly where there are “grey” areas, the Proposer has applied the following test:

*Power generation offtake flows include those sites where the gas is used wholly or substantially for power generation and industrial load offtake flows include those sites where the gas is for industrial and commercial use or a mixed usage of industrial and generation (e.g. CHP facilities).*

The Proposer has made use of National Grid’s Transportation Charging Statement to collate the most recent view of NTS Exit Points which should be included in the categories of power generation, storage sites and industrial loads. For the list of LDZ offtakes, the Proposer has referenced the Transmission Price Control Review documents. It is suggested that in future, these documents (or any such replacements) should be used as the appropriate reference materials, in accordance with the test described above, to determine into which category any new Exit Points should fit for the purposes of information reporting required by this Modification Proposal, if implemented.

The Proposer is not suggesting that interconnector offtake flows should be published under this specific Modification Proposal. This Modification Proposal complements

Modification Proposal 0097 / 0097a– ‘Modification to release aggregated ex-post information for pipeline interconnector offtake flows’ and therefore we do not consider that it is necessary to include the category of ‘aggregated ex-post interconnector offtake flows’ because this would be duplicating information already due to be made available.

It is proposed that this information be published on National Grid’s website by 11:00am on the following Gas Flow Day, under the “Operational Data” section. It should also be noted that the majority of this information is already published through the Gemini meter list, although the NTS Supply Point information is only available to Registered Users at present. This Modification Proposal will therefore make this information available to the whole market.

E.ON UK believes that the level of information proposed to be released under this Proposal is sufficient to ensure the more efficient operation of the market by creating greater information transparency. This should enable the market to form a view on any additional levels of demand-side response that may be expected, what additional levels may be required and the necessary response to these signals.

By aggregating the physical offtake flow data into four distinct categories, this Modification Proposal does not adversely impact I&C consumers by publishing detailed information on gas consumption by individual NTS Exit Point. By publishing physical demand data for all individual NTS Exit Points which are I&C consumers and not publishing physical demand data for similar I&C consumers who are DN-connected, Modification Proposal 0121 is unduly discriminating, whereas this Modification Proposal is not. Where direct NTS connected and DN connected consumers are in competition in the same market, DN connected consumers will be able to monitor when their NTS connected competitor(s) is producing and therefore gain an unfair competitive advantage. In response to the concerns of our customers, we are therefore raising this Modification Proposal to remove the unfair commercial disadvantages that would be placed on them by the implementation of Modification Proposal 0121.”

### **Suggested Text**

The Proposal included the following:

*Amend Section V, Annex V-1 by adding the following at the end of the table:*

<b>Data</b>	<b>Timing</b>	<b>Format</b>	<b>Presentation</b>	<b>Disclosure</b>
The physical quantity of gas offtaken from the System in the preceding Gas Flow Day, categorised by: (i) Aggregated ex-post LDZ offtake flows (ii) Aggregated ex-post power generation offtake flows (iii) Aggregated ex-post storage site offtake flows. (iv) Aggregated ex-post industrial load offtake flows.	By 11:00 am each day	Tabular	Viewable	Public

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

**Standard Special Condition A11.1 (a): *the efficient and economic operation of the pipe-line system to which this licence relates;***

Through providing Shippers with the appropriate level of information to enable them to better forecast demand they would be better able to balance their portfolio, resulting in improved balance of the system as a whole. Implementation would therefore reduce the balancing actions required of National Grid NTS as residual system balancer, with any balancing actions taken on a cost-reflective basis, and so better facilitate efficient and economic operation of the pipe-line system.

SGN did not believe that implementation would produce any significant improvement to the facilitation of this objective.

**Standard Special Condition A11.1 (c): *so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;***

This proposed level of information transparency would present Users with a more accurate picture of supply and demand levels, which should lead indirectly to more efficient purchasing decisions and balancing actions by National Grid. Users and consumers will be able to identify the level of demand-side response already provided by the market and take a view as to whether further response is required, which would aid security of supply. This Modification Proposal will not compromise the commercial arrangements of I&C consumers by the Transporter releasing additional information to the market which will adversely impact them. Therefore,

implementation is consistent with the efficient discharge of the Licensee's obligations.

EDFE was unsure what commercial arrangements the Proposer was referring to that might be compromised.

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

Implementation would have a positive impact on security of supply and operation of the Total System because a more transparent view of the supply/demand balance will be available both for aggregate usage and for segments of the market. This will encourage the market to take the appropriate balancing actions at a cost-reflective price, aiding security of supply.

No impact on industry fragmentation would be expected as a result of implementation.

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

**a) implications for operation of the System:**

By improving information flow, implementation would enhance User balancing and there would be less need for operational balancing by NTS. Implementation would, therefore, have a positive impact on efficient operation of the System.

**b) development and capital cost and operating cost implications:**

Implementation would involve minimal IT-related costs as the data and platforms on which to present it are already established and can be updated relatively easy. NGNTS expressed the view that bundling this change with others, of a similar nature, would reduce the implementation costs.

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

No proposal is made for the specific recovery of implementation costs. Any reductions in operational balancing costs would be reflected in balancing neutrality charges.

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

No such consequences have been identified.

**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**

No such consequence has been identified.

**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's website, a related system of the Transporter, would be affected were this Proposal to be implemented.

It is proposed that information be published on National Grid's website by 11:00am on the following Gas Flow Day. Given that Interconnector flow information will now be available at 11:00am following approval of Modification Proposal 0097a, it would be highly preferable to have all demand data published at the same time and in the same place in order to maximise the value of this data to the market.

EDFE was unclear whether the Proposal intended that this information would replace the existing SISR04 report or would be in addition to it. It also raised the risk that certain information would not be available by 11.00.

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

***Administrative and operational implications (including impact upon manual processes and procedures)***

No adverse impact on processes or procedures is envisaged as a result of implementing the Modification Proposal. The Proposal provides additional information which should benefit Users. Since the data is aggregated it should be easier to understand and be more reflective of what is happening in the whole market, which would not necessarily be the case if all data for each individual NTS exit point is published.

Three of the four respondents that offered qualified support believed that there were advantages for Users in gaining access to raw data as opposed to receiving data only in aggregated form. EDFE argued that aggregation of data ran the risk of hiding significant movements and demand fluctuations. It also suggested that implementation would perpetuate discriminatory treatment of CCGT offtakes as the information is already disclosed for each BMU under the electricity Balancing and Settlement Code.

***Development and capital cost and operating cost implications***

Users would be free to choose how, and to what extent, they use this additional information and incorporate it into their operational systems.

***Consequence for the level of contractual risk of Users***

None identified.

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

Implementation would avoid the adverse commercial impact on some consumers, which would be created by implementation of Modification Proposal 0121. Implementation of Modification Proposal 0130 would release sufficient information to consumers, which currently is only available to Registered Users through restricted resources, such as the Gemini Meter list. This will enhance the opportunity for consumers to react to market conditions and therefore make more accurate decisions in respect of the need for demand-side response.

EDFE disputed this statement in respect of adverse commercial impact and attached quotations from eight parties in support of its position. Four of these parties made representations to this Proposal and, in their responses, supported the Proposer's position in respect of avoidance of adverse commercial impact.

**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**

National Grid NTS would be required to publish additional data over and above what is already required under the Uniform Network Code.

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

**Advantages**

- Provides protection to consumer's commercial interests by not revealing the gas demand of individual consumers and thereby exposing unfairly their market position to DN-connected or foreign competitors.
- Increased transparency on the demand-side, allowing the market to develop a price for gas derived from supply/demand fundamentals, and reduced price volatility.
- Improved security of supply as the market will have a more informed view of the level of demand-side response provided to the market than is currently available, and whether any further demand side response is required.
- Reduced balancing actions by National Grid as Shippers would be better able to balance their portfolio.
- Will better align after the day demand-side data with what is available for the supply side in gas.
- More efficient solution – lower cost of implementing the required IT solution

compared to Modification Proposal 0121, because less detailed and more aggregated information, which is readily available to National Grid, would be published.

### **Disadvantages**

- The cost of implementing required IT solution.
- Asymmetry of data – disaggregated at Entry, aggregated at Exit, although through the BSC disaggregated data is already available for CCGTs.
- Potential unavailability of data at 11.00 and duplication of data currently supplied at 12.15

## **11 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Representations were received from the following:

Association of Electricity Producers	AEP	Support
British Gas Trading	BGT	Support
Chemical Industries Association	CIA	Support
EDF Energy	EDF	Qualified Support
E.ON UK	EON	Support
National Grid Distribution	NGD	Support
National Grid NTS	NGNTS	Support
RWE npower	RWE	Qualified Support
Scotia Gas Networks	SGN	Qualified Support
Scottish and Southern Energy	SSE	Support
Statoil (U.K.)	STUK	Support
Terra Nitrogen (UK)	TNUK	Support
Wales & West Utilities	WWU	Qualified Support

Of the thirteen respondents, nine supported implementation and four offered qualified support.

## **12 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation**

No such requirement has been identified.

## **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**

No such requirement has been identified.

## **14 Programme for works required as a consequence of implementing the**

**Modification Proposal**

National Grid NTS would be required to develop a programme of works to enable it to publish the required data on its website.

**15 Proposed implementation timetable (including timetable for any necessary information systems changes)**

An implementation date of 1 October 2007 is proposed.

**16 Implications of implementing this Modification Proposal upon existing Code Standards of Service**



No such implications have been identified.

**17 Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel**

At the Modification Panel meeting held on 15<sup>th</sup> March 2007, of the 8 Voting Members present, capable of casting 9 votes, 8 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

The Panel then proceeded to vote on the extent, to which this Modification Proposal 0130 relative to Modification Proposal 0121 “The Provision of EX-Post Demand Information for all NTS Offtakes” would be expected to better facilitate achievement of the Relevant Objectives. Of the 8 Voting Members present, capable of casting 9 votes:

- 6 votes were cast in favour of implementing Proposal 0130 in preference to Proposal 0121
- 3 votes were cast in favour of implementing Proposal 0121 in preference to Proposal 0130.

**18 Transporter's Proposal**

This Modification Report contains the Transporter's proposal to modify the Code and the Transporters now seek direction from the Gas and Electricity Markets Authority in accordance with this report.

**19 Text**

The Modification Panel did not determine that text was required for inclusion in this Modification Report. However, suggested text has been provided as part of the Proposal (see section 1 above).

For and on behalf of the Relevant Gas Transporters:

**Tim Davis**  
**Chief Executive, Joint Office of Gas Transporters**

## APPENDIX 1

### LDZ Offtakes:

Bacton GDN (EA)  
Brisley GDN (EA)  
Cambridge GDN (EA)  
Great Wilbraham GDN (EA)  
Matching Green GDN (EA)  
Peterborough Eye/Tee GDN (EA)  
Roudham Heath GDN (EA)  
Royston GDN (EA)  
Whitwell GDN (EA)  
West Winch GDN (EA)  
Yelverton GDN (EA)  
Alrewas GDN (EM)  
Blaby GDN (EM)  
Blyborough GDN (EM)  
Caldecott GDN (EM)  
Thornton Curtis (DN) GDN (EM)  
Drointon GDN (EM)  
Gosberton GDN (EM)  
Kirkstead GDN (EM)  
Market Harborough GDN (EM)  
Silk Willoughby GDN (EM)  
Sutton Bridge GDN (EM)  
Tur Langton GDN (EM)  
Walesby GDN (EM)  
Asselby GDN (NE)  
Baldersby GDN (NE)  
Burley Bank GDN (NE)  
Ganstead GDN (NE)  
Pannal GDN (NE)  
Paul GDN (NE)  
Pickering GDN (NE)  
Rawcliffe GDN (NE)  
Towton GDN (NE)  
Bishop Auckland GDN (NO)  
Coldstream GDN (NO)  
Corbridge GDN (NO)  
Cowpen Bewley GDN (NO)  
Elton GDN (NO)  
Guyzance GDN (NO)  
Humbleton GDN (NO)  
Keld GDN (NO)  
Little Burdon GDN (NO)

Melkinthorpe GDN (NO)  
Saltwick Pressure Controlled GDN (NO)  
Saltwick Volumetric Controlled GDN (NO)  
Thrintoft GDN (NO)  
Towlaw GDN (NO)  
Wetheral GDN (NO)  
Horndon GDN (NT)  
Luxborough Lane GDN (NT)  
Peters Green GDN (NT)  
Peters Green South Mimms GDN (NT)  
Winkfield GDN (NT)  
Audley GDN (NW)  
Blackrod GDN (NW)  
Ecclestone GDN (NW)  
Holmes Chapel GDN (NW)  
Lupton GDN (NW)  
Malpas GDN (NW)  
Mickle Trafford GDN (NW)  
Partington GDN (NW)  
Samlesbury GDN (NW)  
Warburton GDN (NW)  
Weston Point GDN (NW)  
Aberdeen GDN (SC)  
Armadale GDN (SC)  
Balgray GDN (SC)  
Bathgate GDN (SC)  
Broxburn GDN (SC)  
Careston GDN (SC)  
Drum GDN (SC)  
St Fergus GDN (SC)  
Glenmavis GDN (SC)  
Hume GDN (SC)  
Kinknockie GDN (SC)  
Langholm GDN (SC)  
Lauderhill GDN (SC)  
Lockerbie GDN (SC)  
Netherhowcleugh GDN (SC)  
Pitcairngreen GDN (SC)  
Soutra GDN (SC)  
Stranraer GDN (SC)  
Mossie GDN (SC)  
Farningham GDN (SE)  
Shorne GDN (SE)  
Tatsfield GDN (SE)  
Winkfield GDN (SE)  
Braishfield A GDN (SO)

Braishfield B GDN (SO)  
Hardwick GDN (SO)  
Ipsden GDN (SO)  
Ipsden 2 GDN (SO)  
Mappowder GDN (SO)  
Winkfield GDN (SO)  
Aylesbeare GDN (SW)  
Cirencester GDN (SW)  
Coffinswell GDN (SW)  
Easton Grey GDN (SW)  
Evesham GDN (SW)  
Fiddington GDN (SW)  
Ilchester GDN (SW)  
Kenn GDN (SW)  
Littleton Drew GDN (SW)  
Lyneham GDN (SW)  
Pucklechurch GDN (SW)  
Ross GDN (SW)  
Seabank (DN) GDN (SW)  
Alrewas GDN (WM)  
Aspley GDN (WM)  
Audley GDN (WM)  
Austrey GDN (WM)  
Leamington GDN (WM)  
Lower Quinton GDN (WM)  
Milwich GDN (WM)  
Ross GDN (WM)  
Rugby GDN (WM)  
Shustoke GDN (WM)  
Stratford-upon-Avon GDN (WM)  
Maelor GDN (WN)  
Dowlais GDN (WS)  
Dyffryn Clydach GDN (WS)  
Gilwern GDN (WS)

**Storage Sites:**

Avonmouth  
Barton Stacey  
Dynevor Arms  
Garton  
Glenmavis  
Hatfield Moor  
Hole House Farm

Hornsea  
Partington  
Rough

**Power Generation:**

Baglan Bay PG  
Barkin PG  
Brigg PG  
Brimsdown PG  
Connah's Quay PG  
Corby PG  
Coryton PG  
Cottam PG  
Deeside PG  
Didcot PG  
Great Yarmouth PG  
Keadby PG  
King's Lynn PG  
Kingsnorth PG  
Little Barford PG  
Longannet PG  
Medway PG  
Peterborough PG  
Peterhead PG  
Rocksavage PG  
Roosecote PG  
Rye House PG  
Saltend PG  
Seabank PG  
Sellafield PG  
Spalding PG  
Stallingborough PG  
Staythorpe PG  
Sutton Bridge PG  
Teeside PG  
Thornton Curtis PG

**Industrial Loads:**

AM Paper  
BASF Teeside  
BP Grangemouth  
BP Saltend HP

Bridgewater Paper  
Brunner Mond  
Goole Glass  
Hays Chemicals  
ICI Runcorn  
Kemira Ince  
Phillips Seal Sands  
Sappi Paper Mill  
Shotton Paper  
Teeside Hydrogen  
Terra Billingham  
Terra Severnside  
Zeneca  
Immingham CHP