

Modification proposal:	Uniform Network Code (UNC) 153: "Amendment of Inter-connector UK's Network Entry Provisions".		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	20 August 2007	Implementation Date:	01/09/07 ³

Background to the modification proposal

An upgrade to the metering at the Bacton inter-connector operated by Inter-connector UK Ltd (IUK) is taking place this year as part of a capacity expansion at that site. This requires an update to some of the technical parameters set out in the IUK Bacton Network Entry Provisions (NEPs), as set out in the Inter-connection Agreement (IA). Under Section I2.2 of the UNC, amendments to the NEPs at System Entry Points may only be made with the written consent of all relevant Users or by way of a UNC modification.

The modification proposal

It is proposed that metering parameters be amended as follows:

	Current Range	Upgraded Range
Primary Meters Volume Flow Rate (Nm ³ /hour)	86,765 – 3,500,000	86,765 – 4,000,000
Primary Meters Energy Flow Rate (MJ/hour)	3,375,139 – 140,000,000	3,375,139 – 180,000,000

It is also proposed that the standards for determining energy and volume measurements referenced in the IA are updated as follows:

Previous	Revised
EN ISO 5167-1:1991	EN ISO 5167-1:2003 & EN ISO 5167-2:2003
EN ISO 5168:1978	EN ISO 5168:2005

The proposer considers that if these changes are not made, the flow rate data in the IA will become incorrect and in extremis may hinder the delivery of gas supplies to the UK.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ As set out in the Final Modification Report

UNC Panel⁴ recommendation

At its meeting held on 19 July 2007, the UNC Panel unanimously recommended that this proposal be implemented.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) version 2.0, dated 19 July 2007. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposal which are attached to the FMR⁵. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC⁶; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁷.

Reasons for the Authority's decision

We note that this proposal received unanimous support from the nine respondents, who included the proposer National Grid National Transmission System (NG NTS) and IUK. A common theme among responses was that this modification would ensure that supplies of gas to the UK are not hindered, and was therefore facilitating security of supply; though comments were not substantive and few suggested how the proposal would further the relevant objectives of the code.

We consider that this proposal is complementary to the upgrade at the Bacton interconnector, recognising the changes to the metering arrangements and ensuring the continuing accuracy of the flow rate data coming from such meters. To this extent, we therefore agree with the respondent who suggested that this proposal should contribute to the stability and reliability in gas supplies, helping transporters in the economic and efficient operation of the pipeline system. We also consider that the proposal should better facilitate the securing of effective competition between shippers by helping to ensure that the introduction of new supply capacity in the GB gas sector is not unnecessarily hindered. We therefore consider that the proposal will further relevant objectives (a) and (d) of the UNC.

One respondent requested further information about the change of the measurement standard from EN ISO 5167-1:1991 to EN ISO 5167-1:2003 & EN ISO 5167-2:2003, raising a concern that this could have a material effect on the delivery of gas unless the DTI guidelines are not precisely followed. Whilst we do not consider this request could be appropriately accommodated through the modification process, it would be helpful if such further information is available to market participants so that any implications can be properly assessed.

⁴ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules

⁵ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.com

⁶ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547

⁷ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority, hereby directs that modification proposal UNC 153: '*Amendment of Inter-connector UK's Network Entry Provisions*' be made.



Mark Feather

Associate Director, Industry Codes & Licensing

Signed on behalf of the Authority and authorised for that purpose.