

Modification Report
Transporter Obligations Pertaining to Void and Vacant Sites
Modification Reference Number 0172
Version 3.0

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

A User can be the Registered User of a meter point on a vacant or void site where the supply to that site has been isolated. Consequently the site is unable to offtake gas from the system. The fact that the meter point has been isolated will be recorded as such in the Sites and Meters database. For purposes of clarification the meter or meters at an isolated meter point is not physically removed from the site, it remains in situ although non-functioning. Until such time as a User withdraws from that MPRN, Transportation charges still have to be paid to the relevant Transporter.

There have been a number of cases where a property containing an isolated meter point has been demolished. When this occurs, the party carrying out the demolition is obliged under the Building Act 1984 to inform the relevant Transporter of the fact that this is being carried out in order to enable the Transporter to make safe the gas supply to the property prior to demolition.

It would be reasonable to expect the Transporter to inform the User of such disconnection of supply prior to demolition. Transporters have procedures in place to receive notice from parties involved in site demolition. However, following discussion with Transporters we accept that a demolition notice may be received but demolition may then occur significantly later or not at all. Therefore, we consider it appropriate to make the obligation on Transporters to inform Users of disconnection of gas supply rather than to inform Users of demolition notices received.

It is therefore proposed that it be made a requirement within the UNC for Transporters to inform Users of disconnections of gas supply carried out to a meter point or points prior to demolition of the site containing the affected meter or meters taking place.

We recognise that, in certain cases, demolition of sites is carried out illegally without the Transporter receiving the requisite information from the party involved. Clearly, in such a case, the Transporter can not be held responsible for failing to provide the User with information relating to a gas supply disconnection that they themselves have not conducted.

Since Transportation and or metering charges could continue to be levied as a result of the failure to complete the transfer of the requisite information we believe it should also be an obligation on the relevant Transporter to ensure that this information is sent to the Registered User within 10 working days of such gas supply disconnection prior to demolition being carried out by the Transporter.

Suggested Text

UNC Transportation Principle Document Section G 3.8.2 suggested text

"Where the relevant Transporter carries out, in line with notification under the Building Act 1984, disconnection of gas supply prior to the demolition of a property connected to the System, the Transporter shall notify the Registered User of such disconnection and any MPRN associated with that property within ten business days of such disconnection being carried out".

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;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the coordinated, efficient and economic operation of

- (i) the combined pipe-line system, and/ or*
- (ii) the pipe-line system of one or more other relevant gas transporters;*

Implementation would not be expected to better facilitate this relevant objective.

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

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

- (i) between relevant shippers;*
- (ii) between relevant suppliers; and/or*
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;*

Better cost allocation as a result of action to withdraw additional MPRNs would support competition.

Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;

Implementation would not be expected to better facilitate this relevant objective.

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

Implementation would not be expected to better facilitate this relevant objective.

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

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

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

a) Implications for operation of the System:

No implications for operation of the system have been identified.

b) Development and capital cost and operating cost implications:

DNs have identified that costs could be expected to increase were this Proposal to be implemented, but have not clarified this as part of their representations.

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

No specific cost recovery mechanism is proposed.

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

No consequence for price regulation has 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 is anticipated.

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

No implications have been identified.

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 implications have been identified.

Development and capital cost and operating cost implications

No such costs have been identified.

Consequence for the level of contractual risk of Users

Implementation of this Modification Proposal will not have any impact on Users' 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

No such implications have been identified.

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

- Accurate market data is transferred to the relevant user in an appropriate timescale
- Shippers are able to validate transportation and other charges more effectively

Disadvantages

- Imposes additional obligations and costs on Transporters

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:

Organisation	Position
British Gas Trading	Supports
BOC Limited	Supports
EDF Energy	Supports
E.ON UK	Supports
National Grid Distribution	Supports
RWE Npower	Supports
Scotia Gas Networks	Does not support
Scottish Power	Supports
Scottish and Southern Energy	Supports
Statoil UK	Supports
Total Gas and Power	Supports
Wales & West Utilities	Does not support

Of the twelve responses received ten supported implementation.

Scotia Gas Networks and Wales & West Utilities do not support implementation and raise concerns with regards to the Proposals' limitations and associated additional costs for the development of processes and procedures.

National Grid suggested an amendment to the suggested Legal Text.

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

No programme for works has been identified.

15 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

The Proposer suggested that the Modification be implemented with immediate effect following direction by the Authority. However, National Grid highlighted that immediate implementation would not be possible due to system development requirements.

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

At the Modification Panel meeting held on 21 February 2008, of the 10 Voting Members present, capable of casting 10 votes, 7 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

18 Transporter's Proposal

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

19 Text

Transportation Principal Document, Section G, paragraph 3

Add new paragraph 3.8.2 to read as follows

G3.8.2 Where the relevant Transporter has received pursuant to Section 80 of the Building Act 1984 a copy of a notice of demolition of premises located at a Supply Meter Point(s) on its System and prior to such demolition disconnects the service pipe to such Supply Meter Point(s) then not less than 10 Business Days following the date of the disconnection the relevant Transporter shall notify to the Registered User of such Supply Meter Point(s):

- (a) the MPRN(s) of such Supply Meter Point(s);

- (b) the date on which the disconnection occurred.

For and on behalf of the Relevant Gas Transporters:

Tim Davis

Chief Executive, Joint Office of Gas Transporters