

Modification Report
Revised Tender Timescale for DN Interruption Arrangements
Modification Reference Number 0174
Version 4.0

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

This Proposal seeks to revise the timetable for tendering for interruption rights to better fit the timescales for applying for NTS Exit Capacity. Presently the revised interruption arrangements to be implemented on 1 April 2008 stipulate that the annual tender for interruption rights shall take place in June each year with Interruption requirements being published not less than 28 days earlier and results being published not later than 28 days after the tender. These timescales allow little time for analysis and application for NTS exit capacity which under the present arrangements has to be completed before the end of July. This proposal seeks to alter the timing of the annual tender for interruptible rights such that the results are published at the end of July each year. This would allow a better fit with the timescales for the application of NTS Exit Capacity.

Under the proposal it is anticipated that the schedule for 2008 annual tender for interruptible rights would be:

May 1	Publish Interruption requirements
June 2	Bid Window opens
June 12	Bid Window closes
End July	Notification of tender results
End July	Submit NTS Exit Capacity Request

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 of this Proposal would better enable DNs to determine the interruption and capacity requirements that they need to meet their 1 in 20 licence obligation. This would allow the DNs to make informed decisions about investment in their networks and hence could better facilitate the efficient and economic operation of the DNs.

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 of this Proposal would better facilitate the co-ordinated, efficient and economic operation of the combined pipeline system by enabling

DNs to request efficient levels of capacity from NTS.

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

By increasing the time available for analysis, implementation would better enable DNs to determine the interruption and capacity requirements that they need to meet their 1 in 20 licence obligation.

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

By increasing the time available for analysis, implementation would assist the DNs in meeting their 1 in 20 obligations, which could benefit security of supply.

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

a) Implications for operation of the System:

Implementation would be expected to permit the DNs to assess their NTS exit capacity requirements more accurately. This would then be reflected in the design of the system, which would in turn be expected to operate more efficiently.

b) Development and capital cost and operating cost implications:

Implementation would be expected to benefit efficient investment in both the DNs and NTS and therefore potentially reduce capital costs.

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

No specific proposal is made for the recovery of costs.

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

The Proposer believes that implementation of the Proposal would reduce the contractual risk to which DNs would be exposed by allowing the DNs the opportunity to better determine the capacity rights that they require. The NTS Transporter should not be affected by implementation of this Proposal.

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 such 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)

Users would be expected to amend their administrative processes to reflect the change in dates. The responses confirmed that is not a major implication.

Development and capital cost and operating cost implications

No such implications have been identified.

Consequence for the level of contractual risk of Users

No such consequences have been identified.

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

Implementation of this Proposal would better enable DNs to carry out analysis to enable more economic and efficient trade-offs between interruption and investment in DN networks and in procuring NTS capacity

Disadvantages

No disadvantages have been identified.

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:

British Gas Trading	Support
Gaz de France ESS	Support
National Grid Distribution	Support
National Grid NTS	Support
RWE Npower	Support
Scotia Gas Networks	Support
Scottish and Southern Energy plc	Support
Wales & West Utilities	Support

Thus, all eight responses supported implementation.

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 for works has been identified as a consequence of implementing the Modification Proposal.

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

An implementation date of 1 April 2008 has been suggested, immediately following the implementation of Modification Proposal 0090 and so amending its provisions.

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 18 October 2007, of the 9 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.

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.

The following text has now been provided at the request of Ofgem:

NOTE: This text is not intended to amend the UNC text of the above date but is an amendment to the legal text for Modification 090 – Revised DN Interruption Arrangements, which has been approved for implementation on the 1st April 2008

**UNIFORM NETWORK CODE
TRANSPORTATION PRINCIPAL DOCUMENT
SECTION G – SUPPLY POINTS**

Amend paragraph 6.4.1 to read as follows:

“6.4.1 In relation to each Interruption Invitation, the DN Operator shall:

- (a) select Interruption Offers (from those prevailing at the end of the last invitation date) for acceptance in accordance with the Interruptible Capacity Methodology; ~~and~~
- (b) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted; ~~and~~
- (c) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation, inform each User of which of its Interruption Offers have, and which have not, been accepted.”

Amend paragraph 6.4.3 to read as follows:

~~“6.4.3 In relation to each Interruption Invitation, the DN Operator will, not more than twenty eight (28) days after the last invitation date, publish the following details set out in paragraph 6.4.4, in respect of the LDZ as a whole, and separately in respect of each Interruption Zone in respect of which Interruption Offers submitted by at least 3 Users were accepted:~~

- ~~(a) the number of Interruption Offers received;~~
- ~~(b) the number of Interruption Offers accepted by the DN Operator;~~
- ~~(c) the aggregate amount of Supply Point Capacity in respect of which Interruption Offers were received;~~
- ~~(d) the aggregate amount of Supply Point Capacity which was designated as Interruptible pursuant to Interruption Offers accepted by the DN Operator;~~
- ~~(e) the highest and lowest Overall Interruption Prices submitted by Users; and~~
- ~~(f) the highest and lowest Overall Interruption Prices submitted by Users under Interruption Offers which were accepted.~~

(a) in the case of an ad-hoc Interruption Invitation, not more than twenty eight (28) days after the last invitation date in respect of such ad-hoc Interruption Invitation; and

(b) in the case of an annual Interruption Invitation, not later than 31 July in the year of such annual Interruption Invitation.”

Add new paragraph 6.4.4 to read as follows:

“6.4.4 The details referred to in paragraph 6.4.3 are:

- (a) the number of Interruption Offers received;
- (b) the number of Interruption Offers accepted by the DN Operator;
- (c) the aggregate amount of Supply Point Capacity in respect of which Interruption Offers were received;
- (d) the aggregate amount of Supply Point Capacity which was designated as Interruptible pursuant to Interruption Offers accepted by the DN Operator;
- (e) the highest and lowest Overall Interruption Prices

submitted by Users; and

(f) the highest and lowest Overall Interruption Prices submitted by Users under Interruption Offers which were accepted.”

For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters