

CODE MODIFICATION PROPOSAL No 0185A
Meter Error Notification Process
Version 1.0

Date: 24/01/2008

Proposed Implementation Date:

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

It is proposed that the UNC be modified to give effect to the “Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations”. This document would then be added to the list of UNC Related Documents detailed in Section V12 of the UNC TPD and subject to the provisions of that Section.

Approval of these Guidelines will necessitate simultaneous changes (amendments/removals/additions) to certain sections of the Offtake Arrangements Document “OAD” e.g. Section D paragraphs 4, 5, & 6. Without such changes the Guidelines will conflict with the OAD. It is therefore proposed that the legal text for this Proposal will include the changes that are required to the OAD. Although including the Guidelines as a UNC related document allows a ‘light touch’ approach to governance, in some instances changes to the document will have to be done by the conventional modification process because of the need to keep the OAD in line with the document.

Background

Review Group 0131 (“LDZ RbD Reconciliation Notification Process”) concluded that it was appropriate for a Modification Proposal to be raised to “...institute guidelines as a UNC Related Document and to adjust the role of the Offtake Committee so that it can oversee the operation of these guidelines”. It also concluded that a guidelines document, which at this point had not been developed, should form part of the Consultation Process for any Modification Proposal raised. Whilst this document would more naturally fit within the OAD, during the 0131 discussions Transporters recognised that shippers would prefer a greater level of involvement much of the OAD.

As a result of the Review Group recommendations the Transporters (DNOs and NTS) met to construct the “Guidelines” document. This document was then tabled at an extraordinary open meeting in December 2007 of the Offtake Arrangements Workstream, with the intent of reviewing and finalising the Guidelines. They were amended as a result of that meeting and are attached to this Proposal. This Alternate Modification Proposal has been raised to ensure that the necessary changes are made to the OAD (which is a part of the Uniform Network Code) and the version of the Guidelines that resulted from the extraordinary meeting of the Offtake Arrangements Workstream is appended.

The Guidelines have not been provided to the UNC Committee for consideration* and although Committee approval was the desire of the 0131

Review Group members the requirement to raise an alternate proposal to 0185 has not allowed time for this to happen. *(N.B. advice given at the January 2008 meeting of the UNC Panel suggested that it was not necessary to pass the Guidelines to the Committee as until the UNC is modified to include the Guidelines it does not fall within the Committee's remit).

The Guidelines themselves set out how all Measurement Errors and Significant Measurement Errors (50GWhs and above), associated with systematic biases at Measurement Equipment between the NTS and LDZs and between two LDZs, will be notified and include the comprehensive procedures to be followed.

It is intended that these Guidelines would supersede the "0643" process (introduced following the conclusion of that review group), which has existed as a gentlemen agreement.

- b) Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)**

- c) Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.**

As an alternate this Proposal should proceed in parallel with Modification Proposal 0185.

2 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives

Standard Special Condition A11.1(d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers;

Placing these Guidelines under the governance of the UNC will serve to improve transparency for all parties to the contract thus reducing contractual risk.

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

The detail provided within the Guidelines relating to measurement errors and how they will be dealt with, will improve the process for all parties. Additionally as this Alternate Proposal includes the provision for amendments to be made to the Offtake Arrangements Document, a two stage Modification process and associated administration can be avoided.

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

No implications in respect of security of supply and operation of the Total System have been identified. Implementation would introduce common guidelines for all DNOs and National Grid NTS, which would serve to prevent industry fragmentation.

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

a) The implications for operation of the System:

No such implications have been identified.

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

The Guidelines to support this Alternate Proposal have already been developed. There may be some development costs for DNOs and NTS, associated with developing the processes and reporting requirements although it is not anticipated that these will be significant. There will also be costs associated with the appointment of technical experts in the event of a Significant Measurement Error. It is not known whether this will exceed the current costs incurred.

c) Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:

Cost recovery is not proposed.

d) The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal

Implementation would introduce an additional contractual obligation on Transporters and hence increase their contractual risk.

5 The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)

N/a

6 The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users

No such implications are anticipated.

7 The implications for Users of implementing the Modification Proposal, including:

a) The administrative and operational implications (including impact upon manual processes and procedures)

The detailed procedures set out in the Guidelines will assist Users understanding of the processes involved to resolve these measurement errors.

b) The development and capital cost and operating cost implications

None identified.

- c) **The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

The clarification provided by the Guidelines should serve to reduce the level of contractual risk.

- 8 The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)**

Subject to approval of this Proposal, independent technical experts (measurement experts) will be approached to join the list of experts to be held by the Joint Office of Gas Transporters.

- 9 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**

The Guidelines provide common processes for all Transporters to follow.

- 10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 9 above**

Advantages

Clarification of the procedures to be followed in the event of a relevant measurement error.

Facilitates change management of the guidelines via section V12

Disadvantages

Certain aspects of the guidelines can not be changed via the V12 approach i.e. those sections which require associated changes to the Offtake Arrangements Document.

- 11 Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)**

- 12 Detail of all other representations received and considered by the Proposer**

- 13 Any other matter the Proposer considers needs to be addressed**

This Modification Proposal will allow for the correct referencing within the UNC

TPD and the necessary changes to be made to the Offtake Arrangements Document. It is NGD's opinion that legal text would be helpful and NGD believes that it can be requested by the UNC Panel before this Proposal proceeds to Ofgem for consideration.

14 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal

As soon as practicable after approval by the Authority.

15 Comments on Suggested Text

16 Suggested Text

Code Concerned, sections and paragraphs

Uniform Network Code

Offtake Arrangements Document

Section(s) TPD – V12.1

OAD – various amendments (e.g. section D).

Proposer's Representative

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