



The Joint Office, relevant Gas Transporters, Shippers and other Interested parties

*Promoting choice and value for all customers*

Our Ref: Net/Cod/Mod/UNC212  
Email: industrycodes@ofgem.gov.uk

Date: 02 May 2008

### **Urgent Proposal UNC212: Revision of the Rough Storage Connection Agreement**

Following consideration of Centrica Storage Ltd (CSL)'s request that its modification proposal UNC212<sup>1</sup>: *'Revision of the Rough Storage Connection Agreement'* follows urgent modification procedures, we have today agreed to that request.

Our view is that in general urgent modifications are likely to exhibit at least one of the characteristics set out in our published guidelines<sup>2</sup>, namely that:

- there is a very real likelihood of significant commercial impact upon NGG, industry parties, or customers if modification proposal is not urgent;
- safety and security of the network is likely to be impacted if a proposed modification is not urgent; and
- the proposal is linked to an imminent date related event.

In reaching our decision on granting urgent status to UNC212 we have considered CSL's justification for urgency. In particular, we note its view that there is a likelihood of significant commercial impact upon Shippers and Customers if Rough storage users are unable to fully utilise additional capability to inject all available gas into Rough when market conditions dictate.

Whilst this proposal is not linked to a specific date, we are satisfied that there is an imminent date related event insofar as the summer season for the injection of gas into Rough is now underway.

To the extent that the injections into Rough are constrained artificially, i.e. by a cap within the Storage Connection Agreement rather than a physical constraint, it may inappropriately impinge upon Storage Users commercial decisions in that they are unable to maximise their injections while gas is relatively cheap. This could result either in the shortfall being made up later in the season when prices may not be as favourable, or potentially not at all with consequential impacts up gas availability and prices this winter. We therefore agree that if the cap on injection rates is unnecessarily low, and the proposed changes to those arrangements are not treated as urgent, there could be a significant commercial impact upon Rough storage users. This could also have an impact on security of supply during the winter ahead.

<sup>1</sup> See: <http://www.gasgovernance.com/NR/rdonlyres/E8A8C35C-189F-4B5F-9A96-37F133997203/25341/0212ModificationProposalV10.pdf>

<sup>2</sup> See: <http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/2935-Urgency%20Criteria.pdf>

## Urgency Timetable

We appreciate and have taken on board the views of the UNC panel in setting the urgent timetable. In particular, there was a view that given the Bank Holiday an additional day should be allowed for consultation, while still allowing for the proposal to be considered at the scheduled UNC Panel of 15 May 2008. The timetable will therefore be as follows:

Process	Date
Ofgem grant urgency status	02/05/08
Proposal issued for consultation	02/05/08
Close out of representations	09/05/08
FMR issued by Joint Office to Modification Panel	12/05/08
Modification Panel decide upon recommendation	15/05/08
Ofgem decision expected	ASAP following recommendation
Proposed implementation date	To be confirmed, if applicable

In accepting this request for urgency, Ofgem has made no assessment of the merits of the modification proposal itself and nothing in this letter in any way fetters the discretion of the Authority in respect of this modification proposal.

If you have any queries or comments in relation to the issues raised in this letter, please feel free to email [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

Yours sincerely,



**Jon Dixon**  
**Head of Industry Codes and Licensing**