

Draft Modification Report
Provision of day ahead Gas Flow Nomination data at major Aggregated System Entry
Points
Modification Reference Number 0223
Version 1.0

This Draft Modification Report is made pursuant to Rule 9.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Proposal). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk () when first used. This Modification Proposal*, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

Background: National Grid NTS* participates in the European Gas Regional Initiative North West (GRI NW). This was formed under an initiative of European Regulator's Group for Electricity and Gas (ERGEG) of which Ofgem is a member.

One of the key priorities for GRI NW is a transparency project which is aimed at delivering improved and consistent publication of capacity and gas flow data amongst GRI NW members in order to facilitate the requirements of market participants, and to act as a step towards a regional (and ultimately a single European) energy market.

It should be noted that whilst the GRI NW transparency project is concerned only with points of import and export from each Transporters' System, this Proposal seeks to avoid undue discrimination by including all major Aggregate System Entry Points* (ASEP(s)) within its scope.

National Grid NTS already publishes most of the data agreed to be made available to the market as a part of the GRI NW transparency project, but the publication of aggregate day-ahead gas flow Nominations (herein referred to as Nominations) has been identified by the GRI NW as a gap in the information provided.

It is proposed that:

By 18.00 on D-1 National Grid NTS shall publish on its website;

- Aggregate prevailing Input Nominations* for each ASEP excluding those ASEPs which are not capable of flowing more than 10 MCMD per day into the Total System* as previously defined by UNC Modification 006 "3rd Party Proposal : Publication of Near Real Time Data at UK sub-terminals" and reproduced in Section V1 of the UNC TPD. Or;
- the **net** value, including where such values are a negative number, where an ASEP (excluding those ASEPs which are not capable of flowing more than 10 MCMD per day (as defined in the bullet above)) has an associated System Exit Point* (e.g. due to a Connected System Exit Point* or Storage

Connection Point*). The net value shall be calculated as follows, the aggregate prevailing Input Nominations shall be combined with any relevant aggregate prevailing Output Nominations* at the associated System Exit Point and the net figure determined.,

- zero at any ASEP if no Input Nomination(s) is/are provided to National Grid NTS in respect of that ASEP.

It is envisaged that by publishing daily aggregate day-ahead Nominations (as described above) Users will be better enabled to make an assessment of any available capacity at these ASEPs. It can be argued that such information provision will enable Users to adjust their Nominations to utilise unused capacity and so result in a more efficient utilisation of the existing infrastructure.

Consequence of non-implementation

If this Proposal is not implemented then the potential benefit identified above will not be realised.

2 Extent to which implementation of the proposed modification would better facilitate the relevant objectives

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;*

Improved information provision, as a result of implementation, would increase transparency and better informed energy markets will tend towards greater efficiency thus facilitating competition between relevant shippers.

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

The development of a fully functioning European gas market is generally considered to be positive in terms of security of supply as it should help to ensure that gas can flow across national boundaries to the points where it can realise its greatest value. This Proposal is a small step towards a better functioning and more efficient European market thus enabling Users to provide and respond to both short term and longer term economic signals for delivery of gas to European markets.

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

a) Implications for operation of the System:

No material impact identified

b) Development and capital cost and operating cost implications:

The capital (system development) cost of implementation will be minimised by including the development work within the scope of an existing project (MIPI phase 2).

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

It is envisaged that the cost of implementation will be met by National Grid NTS and become part of its MIPI phase 2 project.

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

No such consequence has been identified.

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

Minor Gemini changes may be required but these are not expected to impact upon User's systems.

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 may wish to utilise the additional information available on the National Grid website and amend their operations accordingly.

Development and capital cost and operating cost implications

Users that utilise the additional information available would be expected to benefit.

Consequence for the level of contractual risk of Users

No such implications 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 material issues 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 the Proposal is required as part of the GRI NW transparency project which is designed as a step towards the development of a better functioning European Gas market.

Disadvantages

There may be some Parties who believe that their confidentiality may be compromised in some way by this Proposal. The Proposer believes that by publishing data at ASEP level and then only for major ASEPs such issues will be minimised.

11 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Written Representations are now sought in respect of this Draft Report.

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

National Grid NTS has indicated changes to its website as a consequence of

implementing this Modification Proposal.

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

It is recommended that the proposal is implemented during Q2/3 2009.

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

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

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report.

For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters