

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

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 (c): so far as is consistent with subparagraphs (a) to (b) the efficient discharge of the licensee’s obligations under this licence

EDFE was unconvinced that implementation would not discriminate between the varying Users associated with entry points, bi-directional points and exit points.

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.

However, BGT pointed out that implementation would further extend the gap between different markets in terms of commonality of arrangements at a time when harmonisation is being sought. It also pointed out that the term “input nomination” had different meanings in different markets, and questioned how much achievement of this relevant objective would be facilitated whilst these discrepancies remain.

RWE and EDFE also questioned whether publication of D-1 18.00 nominations would have value. RWE particularly doubted the value to Users at interconnection points citing examples where interconnector flows commingle with other offshore flows at the same ASEP. STUK also expressed concerns

about the level of aggregation at each ASEP reducing the benefit to Users.

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. EDFE, however was concerned that some Users may not recognise that nominations are provisional and unreflective of actual flows and would therefore make inefficient decisions based on this information.

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)

Representations were received from the following parties:

Organisation	Position
Association of Electricity Producers (AEP)	Supports
British Gas Trading Limited (BGT)	Supports
Centrica Storage Limited (CSL)	Support
E.ON UK plc (E.ON)	Supports
EDF Energy plc (EDFE)	Support
National Grid Gas plc Distribution (NGD)	Support
RWE Npower (RWE)	Comments
Scotia Gas Networks plc (SGN)	Supports
Scottish and Southern Energy plc (SSE)	Supports
Scottish Power (SP)	Supports
Statoil (U.K.) Limited (STUK)	Qualified Support

Thus out of the eleven representations, nine offered support, one offered qualified support and one made comments.

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)

The Proposer recommended that the proposal be implemented during Q2/3 2009. A number of respondents expressed concern at the vagueness of this date and at the lack of justification behind it..

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 20 November 2008, of the 8 Voting Members present, capable of casting 10 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 Transporter now seeks direction from the Gas and Electricity Markets Authority in accordance with this report.

19 Text

TPD Section V

The following shall be added as new additional rows at the end of the table in Annex V-1:

For each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System which does not have an associated System Exit Point, the aggregate prevailing Input Nominations for such Aggregate System Entry Point in respect of the following Day.	By 18:00 hours on each Day	Tabular	Viewable	Public
For each Aggregate System Entry Point capable of flowing (in aggregate) more than 10 MSCM per Day of gas into the System which has one or more associated System Exit Points, the sum (including where negative) of aggregate prevailing Input Nominations for such Aggregate	By 18:00 hours on each Day	Tabular	Viewable	Public

System Entry Point less aggregate prevailing Output Nominations for such associated System Exit Point(s), in each case in respect of the following Day.				
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For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters