

19/12/2008

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0225**

“Revised Timescales for LDZ Shrinkage Arrangements”

Please note that Modification Proposal No 0225 will be implemented with effect from 06:00 hours on 29/12/2008. The Final Modification Report, Version 3.0, was signed by Ofgem on 19/12/2008.

The new Code text resulting from this Modification follows:

Modified Text:

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION N – SHRINKAGE

Amend paragraphs 3.1.1 to 3.4.2 as follows:

3 LDZ SHRINKAGE

3.1 LDZ Shrinkage Quantity

- 3.1.1 Subject to paragraph 3.1.3, for the purposes of establishing the "**LDZ Shrinkage Quantity**" applicable in respect of a relevant LDZ, the Transporter will estimate by 1 ~~March~~ ~~September~~ in the Preceding Formula Year, the aggregate amounts of LDZ own use gas and LDZ unaccounted for gas for that LDZ in the Formula ~~Gas~~ Year.
- 3.1.2 Subject to paragraph 3.1.3, the LDZ Shrinkage Quantity for each Formula ~~Gas~~ Year will be determined as the aggregate of the estimated amounts under paragraph 3.1.1 of own use gas and unaccounted for gas in the LDZ for the Formula ~~Gas~~ Year, divided by the number of Days in the Formula ~~Gas~~ Year.
- 3.1.3 When the Transporter determines that the basis on which it estimates LDZ unaccounted for gas is sufficiently robust to permit its valid estimation more frequently than annually, the Transporter will increase (after giving Users not less than 30 Days' notice) the frequency with which it estimates LDZ unaccounted for gas, and accordingly reduce the period by reference to which adjustments are made for differences between estimated and assessed LDZ unaccounted for gas.
- 3.1.4 The Transporters will, not later than 1 ~~January~~ ~~July~~ in the Preceding Formula Year, submit to all Users:
- (a) the estimated LDZ Shrinkage Quantity for each LDZ for the Formula ~~Gas~~ Year;
 - (b) the methodology by which the estimate was determined
- and Users may submit to a Transporter representations in respect of the estimated LDZ Shrinkage ~~Quantity~~ Quantity for up to but not later than 1 ~~February~~ ~~August~~ in the Preceding Formula Year.

- 3.1.5 Between 1 and 15 ~~February~~ ~~August~~ in the Preceding Formula Year, the Transporters:
- (a) will review any representations made by Users under paragraph 3.1.4;
 - (b) will consult, so far as the Transporters deem appropriate, with any User in respect of any representations made by it or any other User;
 - (c) may convene meetings with any User or Users for the purposes of such consultation.
- 3.1.6 The Transporters will make available to Users reasonable details of the representations made to them under paragraph 3.1.4 and consultations under paragraph 3.1.5 (but may do so by oral presentation at a meeting of Users convened under paragraph 3.1.5(c)), and shall be free to disclose to any User and the Authority any such representation and details of any such consultation.
- 3.1.7 Not later than 1 ~~March~~ ~~September~~ in the Preceding Formula Year, the Transporters will submit to the Authority and all Users their final estimates of the LDZ Shrinkage Quantity for each LDZ for the Formula ~~Gas~~ Year with such changes as they may on the basis of Users' representations and consultation under paragraphs 3.1.4 and 3.1.5 determine appropriate.
- 3.1.8 The LDZ Shrinkage Quantity for each LDZ applicable to the Formula ~~Gas~~ Year shall be the estimate submitted under paragraph 3.1.7 unless upon the application of the Transporter or any User, made no later than 15 ~~March~~ ~~September~~, the Authority shall give Condition A11(18) Disapproval to the Transporter applying a particular estimate of the LDZ Shrinkage Quantity, in which case the LDZ Shrinkage Quantity in the relevant LDZ shall be that applying in the Preceding Formula Year.

3.2 Notification of LDZ Shrinkage Quantity

- 3.2.1 Subject to paragraph 3.2.2, the LDZ Shrinkage Quantity for each relevant LDZ for the Formula ~~Gas~~ Year will be notified to Users by the Transporter not later than 1 ~~March~~ ~~September~~ in the Preceding Formula Year.
- 3.2.2 Where the frequency of estimation of LDZ Shrinkage Quantity is increased under paragraph 3.1.3:
- (a) the LDZ Shrinkage Quantity for each relevant LDZ will be notified to Users on a basis commensurate with such increased frequency;
 - (b) references in this Section N to Formula ~~Gas~~ Year, in the context of the LDZ Shrinkage Volume, shall be to such reduced period for which such estimate is made;
 - (c) the Transporter will provide to Users, not later than 1 ~~March~~ ~~September~~ in the Preceding Formula Year, a provisional forecast of the LDZ Shrinkage Quantity to apply in each relevant period in the Formula ~~Gas~~ Year.
- 3.2.3 The forecast LDZ Shrinkage Quantities under paragraph 3.2.2(c) are indicative only and will not bind the relevant Transporter, the relevant Shrinkage Provider or Users.

3.3 Assessed LDZ Shrinkage

- 3.3.1 The Transporter will assess LDZ shrinkage in each relevant LDZ at intervals of approximately twelve months, on the basis of such historic information as may be available to it, by technical and statistical analysis including extrapolation of sampled information and identification of any long term trends.
- 3.3.2 The sources of the information referred to in paragraph 3.3.1 include:
- (a) as respects own-use gas, meter readings in respect of preheating facilities (where such facilities are metered);

- (b) as respects unaccounted for gas:
 - (i) as respects leakage, the data listed in paragraph 3.3.4;
 - (ii) as respects unidentified theft of gas, any evidence of significant changes in the occurrence of theft as compared with the assumption made previously.
- 3.3.3 The data referred to in paragraph 3.3.2(b)(i) is actual data in relation to the period relating to:
- (a) the measurement of pressure profiles in the LDZ;
 - (b) conditioning of gas transported in the LDZ;
 - (c) replacement of old pipework in the LDZ;
 - (d) number of Supply Meter Points supplied in the LDZ;
 - (e) above ground installations (AGIs) installed and in operation on the LDZ;
 - (f) damage caused by third party interference with pipes comprised in the LDZ;
 - (g) Calorific Value of gas transported in the LDZ;
 - (h) the rate of leakage of gas from different kinds of asset comprising the LDZ; and
 - (i) demand on the LDZ.
- 3.3.4 Not later than 31 ~~July~~ March in each ~~Formula Gas~~ Formula Year, the Transporter will provide to Users a report setting out in respect of the Preceding Formula Year:
- (a) values (for the whole year and/or on an average daily basis) of assessed LDZ shrinkage for each relevant LDZ together with a summary of the statistics and information from which (as described in paragraph 3.3.1) such values were derived; and
 - (b) a comparison of such assessed values with the values of LDZ shrinkage estimated before the Preceding Formula Year in accordance with paragraph 3.1.

3.4 LDZ Shrinkage Adjustment

- 3.4.1 Not later than 31 ~~July~~ March in each ~~Formula Gas~~ Formula Year, the Transporters will in respect of the Preceding Formula Year review the assessed LDZ shrinkage for each LDZ established under paragraph 3.3.1, and the estimated LDZ Shrinkage for each LDZ established under paragraph 3.1, and where appropriate undertake a reconciliation in accordance with the LDZ Shrinkage Adjustments Methodology for the purposes of Section E7.6.
- 3.4.2 The "**LDZ Shrinkage Adjustments Methodology**" is the methodology from time to time established, published and revised by the Transporters (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and issued to Users setting out the calculations for the reconciliation to be carried out under paragraph 3.4.1.

UNIFORM NETWORK CODE – GENERAL TERMS

SECTION C – INTERPRETATION

Add sub-paragraph (k) to 2.2.1 as follows:

2.2 Times and dates

2.2.1 For the purposes of the Code:

- (a) **"Day"** means the period from 06:00 hours on one day until 06:00 hours on the following day;
- (b) **"Business Day"** means (except for the purposes of TPD Sections G and M) a Day other than a Saturday or a Sunday or a Day which begins at 06:00 hours on a bank holiday in England and Wales;
- (c) **"Gas Flow Day"** means, in relation to the application of any provision of the Code, the Day in relation to deliveries, offtakes or flows of gas or other operations on which such provision is to apply;
- (d) **"Preceding Day"** means the Day before the Gas Flow Day;
- (e) **"Gas Year"** means the period from 1 October in any year until and including 30 September in the following year;
- (f) in relation to any Gas Year the **"Preceding Year"** is the Gas Year ending at the start of such Gas Year;
- (g) **"Winter Period"** means the period from 1st November in any year until and including 30 April in the following year;
- (h) **"Capacity Year"** means the period from 1 April in any year until and including 31 March in the following year;
- (i) and in relation to a Capacity Year, the **"Preceding Capacity Year"** is the Capacity Year ending at the start of such Capacity Year;
- (j) **"Formula Year"** means the period from 1 April in any year until and including 31 March in the following year;
- (k) and in relation to a Formula Year, the **"Preceding Formula Year"** is the Formula Year ending at the start of such Formula Year.

Yours sincerely,

John Bradley
Modification Panel Secretary