

CODE MODIFICATION PROPOSAL No 0239
Reinstatement of NTS Interruption
Version 1.0

Date: 12/11/2008
Proposed Implementation Date: 01 February 2009
Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this 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

As part of the reform of Offtake* arrangements, Ofgem approved Modification Proposal 0090 “Revised DN Interruption Arrangements” which had been raised jointly by the four Distribution Networks* in order to address perceived weaknesses in the existing DN Interruption* regime. One of the consequences of this proposal was the removal of the existing Interruption arrangements for both NTS* and DN Supply Points* from 01 October 2011. After this date DNOs* would have suitable levels of DN Interruption already tendered for, and it was anticipated that National Grid NTS* would have access to some form of curtailment of NTS Exit Capacity* through the development of NTS exit reform.

The Competition Commission ruling on the approval of Modification Proposal 0116V “Reform of the NTS Offtake Arrangements” and the consequential reconsideration and development of revised proposals means that this reform cannot now be implemented in sufficient time for the enduring NTS regime to take effect from the same date as the revised DN Interruption arrangements. Therefore beyond 01 October 2011, National Grid NTS will not be able to call on NTS Interruption to manage capacity constraints, and consequently there is a requirement to continue with the current Interruption regime for NTS directly connected loads, as the development of the NTS to meet the forecast Peak Day Demand* relies on NTS Interruption to balance demand against available supply in the most efficient and economic manner.

It should be noted that this proposal does not intend to change Users’ entitlement to receive reduced transportation charges for being an Interruptible load.

Proposal

The purpose of this Modification Proposal is to retain the ability of National Grid NTS to access existing NTS Interruption beyond October 2011 by amending the provisions of the Transitional Document. National Grid NTS is planning the development and operation of the system based on the Firm* requests received from each DNO as part of their annual Offtake Capacity Statement* and therefore does not require access to load connected to other Transporter's* networks.

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

The Modification Proposal is non-urgent and therefore it is recommended that the standard timetable is followed.

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.

This issue was discussed at the Transmission Workstream on 06 November 2008 and therefore it is recommended that the Modification Proposal proceed directly to consultation.

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

“(a) the efficient and economic operation of the pipe-line system to which this licence relates;”

This Modification Proposal will better facilitate this objective by allowing National Grid NTS to continue to use NTS Interruption where it is more economic to do so rather than provide additional transportation capacity, use Operating Margins* gas or undertake entry capacity buy-backs to meet a within-day system constraint.

“(c) the efficient discharge of the licensee's obligations under this licence;”

Reinstating access to NTS Interruption would remove the need to construct additional transportation capacity within very ambitious timescales to supply the forecast Peak Day Demand for 2011. Implementation of this Modification Proposal would therefore better facilitate this objective by permitting National Grid NTS to meet its licence obligation under SSC A9 in the most efficient way.

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

Implementing this proposal would maintain the current level of economic and efficient operation of the System* by maintaining NTS Interruption as a commercial tool for managing capacity constraints.

In reinstating access to NTS Interruption, the split between Firm and Interruptible demand would be maintained and hence the level of fragmentation of the regime would continue pending future developments in NTS exit reform.

No implications upon security of supply have been identified.

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

a) The implications for operation of the System:

Implementing this proposal would maintain the current level of economic and efficient operation of the System* by preserving NTS Interruption as a commercial tool for National Grid to manage capacity constraints.

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

No such costs have been identified.

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:

No such costs have been identified.

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 of this proposal is anticipated to maintain the existing level of contractual risk by preserving NTS Interruption as an efficient commercial tool for National Grid to manage capacity constraints.

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)

Not applicable.

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 have been identified.

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

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

No such implications have been identified.

b) The development and capital cost and operating cost implications

No such implications have been 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

Implementation of this proposal is anticipated to maintain the existing level of contractual risk by preserving NTS Interruption as an efficient commercial tool for National Grid to manage capacity constraints.

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)

Implementation of this proposal is anticipated to maintain current operational arrangements for NTS directly connected customers beyond 01 October 2011 pending future developments in exit reform.

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

There is no anticipated impact upon National Grid NTS's Safety Case* from the removal of the ability to require DNOs to interrupt at an LDZ* level to deal with an NTS constraint.

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

Advantages

The Modification Proposal will maintain the efficient and economic operation of the System by preventing inefficient investment and permitting NTS Interruption to be used as a system management tool where it is more economic than alternatives such as Operating Margins, capacity buy-backs or system investment.

Disadvantages

No disadvantages have been identified.

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)

None received.

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

None received.

13 Any other matter the Proposer considers needs to be addressed

Not applicable.

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

15 Comments on Suggested Text

16 Suggested Text

Code Concerned, sections and paragraphs

Uniform Network Code

Transition Document

Section(s) IIC

Proposer's Representative

Adam Sims

Proposer

National Grid NTS