

CODE MODIFICATION PROPOSAL No 0247
Alignment Of Interruption Application Rules for Annual and Ad-Hoc Applications
Version 1.0

Date: 25/03/2009

Proposed Implementation Date: 1 May 2009

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

This proposal seeks to align the business rules which Distribution Networks can operate when seeking bids from Users for Interruptible rights on its Gas Distribution Network. Currently, the UNC prescribes that bids can be made for Gas Years Y+4 to Y+8 only in the Annual Interruption Invitation, whereas an Ad-Hoc Interruption Invitation can seek bids from any year.

The specific change this proposal seeks is to allow Interruption Offers in respect of Gas Years Y+1 to Y+3 in the Annual Interruption Invitation (June 2009 and every year thereafter).

This proposed alignment of timeframes, will allow Distribution Networks the option of securing bids in one application invitation for years Y+1 to Y+8, if it requires this facility. In the absence of this proposal, Distribution Networks, Users and End Consumers will be required to manage two separate processes (Annual followed separately by Ad-Hoc Interruption Applications) in summer 2009.

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

Not applicable

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.

Proposal recommended to proceed straight to consultation and report back to April 16 Modification Panel. The proposal has been shared with both Transmission and Distribution workstreams in 2009.

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

NGN believes that in respect of Standard Special Condition A11(f), the promotion of efficiency in the implementation and administration of the network code or the uniform network code would be improved by the implementation of this proposal. This is because this Proposal would avoid 2 separate Interruption Applications

being run (not concurrently), where the decision to accept a bid from one application, maybe contingent on receiving another bid not yet made available to Users to bid for.

NGN believes that in respect of Standard Special Condition A11(a), the efficient and economic operation of the pipeline system, this Proposal would give Distribution Networks as much time as possible to potentially accept Interruption bids in the Y+1 to Y+3 timeframe, and as a result NOT have to reinforce its Network. This would avoid inefficient and unnecessary capital expenditure.

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

NGN believe the orderly nature of this proposal would benefit the operation of the Total system in respect of having knowledge of potential reinforcement requirements in a timely fashion.

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

a) The implications for operation of the System:

NGN believe the operation of the system would not be adversely affected.

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

No cost implications 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:

Not applicable

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

No such consequences have been identified

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

The functionality to run the Ad-hoc applications exists and will therefore be utilised for the revised Annual application process. As such, no development

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)

NGN believe Users will benefit from this proposal as they will only have to manage one application window instead of two.

b) The development and capital cost and operating cost implications

None 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

No consequences on the level of contractual risk have been identified.

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)

Consumers will benefit by only having to consider one application window for their site(s).

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

NGN has not identified any such consequences

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

Advantages

Aligns Annual and Ad-Hoc Interruption rules, providing one set of definitive rules and procedures

Allows Transporters and Users the option of securing Interruptible rights in each annual application window for the Y+1 to Y+3 period

Prevents the unnecessary running of 2 separate Applications (Annual plus Ad-Hoc) to be fully compliant with the provisions of the UNC.

Provides Transporters and Users required lead time to potentially secure Interruptible rights instead of the Transporter being obliged to reinforce its Network.

Disadvantages

NGN is not aware of any disadvantages in relation to this proposal.

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)

Not applicable

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

Not applicable

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

Proposal submitted to Mod Panel April 2nd

Proposal issued to consultation April 2nd (subject to acceptance of proposal at short notice)

Close out for representations April 9th

Modification Panel decide upon recommendation April 16th

FMR submitted to Ofgem April 17th

Proposed Implementation date May 1st

N.B NGN believe the shortened consultation proposed is achievable, whilst recognising that this shortened period is less than ideal, believe it to be preferable over urgent procedures. It is hoped that will allow a decision by May 1st so that the June 2009 Annual application window can carry the proposed changes.

15 Comments on Suggested Text

16 Suggested Text

G 6.2.2

In each Gas Year (Y) a DN Operator shall invite Interruption Offers by Users in respect of each of Gas Years Y+4 to Y+8 inclusive, *and may invite Interruption Offers in respect of Gas Years Y+1 to Y+3 inclusive* (each a separate Interruptible period) by an annual Interruption Invitation

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) G – Supply Points

Proposer's Representative

Robert Cameron-Higgs (Northern Gas Networks)

Proposer

Northern Gas Networks