

CODE MODIFICATION PROPOSAL No 0256
Amendment to the Network Entry Agreement at St Fergus SAGE Terminal
Version 1.0

Date: 01/07/2009

Proposed Implementation Date:

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

ExxonMobil Gas Marketing Europe Limited (EMGME) as a shipper at St Fergus, in consultation with Mobil North Sea LLC, the Delivery Facility Operator (DFO), has proposed that the Wobbe Number which forms a part of the Gas Entry Conditions at SAGE be amended to reflect the WN limits contained in the Gas Safety (Management) Regulations. The table below specifies the proposed changes:

Gas Quality Characteristic	Current Specification	Proposed Specification
WN Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
WN Upper Limit	51 MJ/m ³	51.41 MJ/m ³

EMGME believes that if this proposal is implemented, such that the changes can be incorporated within the appropriate network entry agreement, it would allow the Delivery Facility Operator the scope to process a wider range of offshore reserves and hence facilitate additional gas flows into the NTS, enhancing both security of supply and competition between gas shippers and suppliers.

The proposer does not think that there would be any measurable impact on CV shrinkage if this proposal were to be implemented, however, we would welcome National Grid's assessment on whether or not they would expect to see a measurable change in the costs of CV shrinkage if this proposal goes ahead.

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

Urgent procedures are not requested for this Modification Proposal.

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.

The Proposer recommends that the proposal proceeds directly to the Consultation Phase.

2 User Pays

a) Classification of the Proposal as User Pays or not and justification for classification

This Proposal is relevant to the core function of the Gas Transporter and does not relate to any additional service offered by xoserve and therefore is not classified as User Pays.

b) Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification

Not applicable.

c) Proposed charge(s) for application of Users Pays charges to Shippers

Not applicable.

d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve

Not applicable.

3 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

The Proposer believes that the implementation of this modification would better facilitate the achievement of the Relevant Objectives by increasing the efficient and economic operation of the system and enhancing effective competition between relevant shippers by giving shippers bringing gas into the system through the St Fergus SAGE facility, the potential to increase supplies.

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

As a consequence of implementation, additional gas supplies from the UKCS may be brought ashore thus contributing to security of supply in the UK and assisting in the robust operation of the System. The Proposer does not believe that this Proposal has any implications of industry fragmentation.

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

a) The implications for operation of the System:

The Proposer believes that the widening of the Wobbe range has a positive implication for the operation of the System by increasing the potential for additional gas supplies to be brought in through the St Fergus SAGE terminal.

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

It is believed that implementation of this Proposal would not have any such cost implications.

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 costs 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

No such risks identified.

6 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)

The Proposer believes that this modification has no bearing on National Grid's Safety Case as the gas flowing will be within GS(M)R limits.

7 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

It is believed that the implementation of this proposal would not have any impact on computer systems.

8 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 impact has been identified.

b) The development and capital cost and operating cost implications

No such costs 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

No such consequence has been identified.

9 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)

The expansion of the Wobbe range for gas coming into the St Fergus SAGE Terminal will allow the Delivery Facility Operator the scope to process a wider range of offshore reserves and thereby allow additional gas to be economically produced to the benefit of both Code and Non-Code parties.

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

No adverse consequences have been identified and the Proposer believes that the implementation of this proposal will better facilitate the Transporters regulatory and legislative obligations.

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

Advantages

As identified above.

Disadvantages

No disadvantages have been identified.

12 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)

Representations are now sought.

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

Not applicable

14 Any other matter the Proposer considers needs to be addressed

No other matters have been identified.

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

Implementation could proceed on receipt of an implementation direction from the Regulator

16 Comments on Suggested Text

17 Suggested Text

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) I: Entry Requirements

Proposer's Representative

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Proposer

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