

**Modification Report**  
**Provision of Exit Information at all NTS Exit Points for the transitional exit period**  
**Modification Reference Number 0269**  
**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.*

There has been extensive industry consultation in relation to the reform of the NTS Offtake\* arrangements, with 7 UNC Modification Proposals ultimately being considered by Ofgem (0116V, 0116CVV, 0116BV, 0116VD, 0116A, 0195 and 0195AV). This consultation culminated in Ofgem's decision on 19<sup>th</sup> January 2009 to implement Modification Proposal 0195AV with an implementation date of 1<sup>st</sup> April 2009. As a result of the approval of UNC Modification Proposal 0195AV, National Grid NTS\* has an UNC obligation to make available information at all NTS Exit Points\* (including Moffat and Bacton) for the period 1<sup>st</sup> October 2012 onwards (enduring exit period). The publication of this enduring NTS Exit Capacity\* data aligns the exit regime with the entry regime and goes beyond the minimum definition of relevant points as stated in Article 6 of the European Commission (EC) Regulation 1775/2005.

The Proposer\* believes that the UNC Modification Proposals 0195AV, Gas Transporters' Licence\* modifications and associated consultations also meets the requirements regarding the publication of data in respect of relevant points as contained in Article 6 EC Regulation 1775/2005. Indeed, the publication of this enduring NTS Exit Capacity data contains data additional to the minimum required by Article 6.

However, there is no UNC obligation for National Grid NTS to publish the same enduring NTS Exit Capacity data for the period from the date of implementation of this Modification Proposal until 30<sup>th</sup> September 2012 (the exit capacity transitional period\*). National Grid NTS believes such publication will enable Users\* to access the same information for the exit capacity transitional period that will be available in the enduring regime and ensure that the requirements regarding the publication of data in respect of relevant points as contained in Article 6 EC Regulation 1775/2005 are met in the exit capacity transitional period.

To be consistent with the enduring exit period National Grid NTS proposes to publish the following information during the exit capacity transitional period on a monthly basis by NTS Exit Point. For the exit capacity transitional period the information will be published on the first business day after the 15<sup>th</sup> calendar day of each month in line with when National Grid NTS receives the

majority of the information.

The NTS Exit Capacity data to be published is listed below. For clarification the first five bullet points relate to firm NTS Exit Capacity, bullet point 6 which equates to maximum available Off-Peak Daily NTS Exit (Flat) Capacity\* (interruptible) and bullet point 7 relates to interruption that has occurred:

1. Baseline NTS Exit (Flat) Capacity\*
2. Remaining Available NTS Exit (Flat) Capacity\*
3. NTS Offtake (Flat) Capacity\* bookings at individual NTS/LDZ offtakes\*
4. NTS Exit Capacity bookings at NTS Supply Points
5. NTS Exit Capacity bookings in aggregate at Connected System Exit Points\*.
6. Maximum Supply Point Offtake Rate (MSPOR)\*
7. Interruption quantity (in kWh) in aggregate for all NTS Exit Points within an exit zone\*

For clarification, once a new NTS Exit Point has a transitional baseline (including when such transitional baseline is zero) included in the National Grid NTS Gas Transporters' Licence, National Grid NTS will include the information detailed above for this NTS Exit Point. Once a User has been registered as holding NTS Exit Capacity at an NTS Exit Point (i.e. through supply point administration and/or via the downstream capacity holdings process or Offtake Capacity Statement\* process or the CSEP shipper booking process) the information relating to NTS Exit Capacity bookings will be published.

National Grid NTS believe that the development of its existing information publication obligations will benefit the industry and lead to increased transparency in the exit capacity transitional period enabling Users to more fully understand the technical, contracted and available NTS Exit Capacity for each NTS Exit Point.

**Suggested Text**

None provided.

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

Implementation would not affect xoserve systems or procedures and therefore would not be affected by User Pays governance arrangements.
  - 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 the proposed modification would better facilitate the relevant objectives**

*Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;*

Implementation would not be expected to better facilitate this relevant objective.

*Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the coordinated, efficient and economic operation of*

*(i) the combined pipe-line system, and/ or*

*(ii) the pipe-line system of one or more other relevant gas transporters;*

Implementation would increase the availability of information at all NTS Exit Points. It would increase transparency at these points enabling Users to better understand their requirements and provide more accurate information to National Grid NTS, potentially enabling both more economic and efficient pipeline investment and operation.

A number of respondents disagreed and did not believe more accurate information would be provided to National Grid NTS.

*Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;*

Implementation would not be expected to better facilitate this relevant objective.

*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;*

Implementation would assist Users by clearly showing the NTS Exit Capacity likely to be available at any exit point by allowing Users access to information on exit points during the interim period in addition to those published for the

enduring period.

*Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;*

Implementation would not be expected to better facilitate this relevant objective.

*Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;*

Implementation would not be expected to better facilitate this relevant objective.

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

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

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

**a) Implications for operation of the System:**

By increasing the availability of information at all exit system points, Users would better understand their requirements and provide more accurate information to National Grid NTS. This would potentially enable more economic and efficient pipeline operation.

**b) Development and capital cost and operating cost implications:**

Not applicable.

**c) Extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:**

Not applicable.

**d) Analysis of the consequences (if any) this proposal would have on price regulation:**

Not applicable.

**6 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**

None identified.

- 7 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**

None identified.

- 8 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 would have access to additional information that would facilitate greater transparency, and more information on which Users can base their decisions. It is not anticipated that implementation would have a significant User impact on administrative and operational activities.

*Development and capital cost and operating cost implications*

None identified.

*Consequence for the level of contractual risk of Users*

None identified.

- 9 The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

None identified.

- 10 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**

Implementation would enable National Grid NTS to more fully meet EC Regulation 1775/2005 which requires information to be published by TSOs\* on entry and exit capacity at all relevant system points.

- 11 Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

**Advantages**

As identified above.

**Disadvantages**

None identified.

**12 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:

Association of Electricity Producers	AEP	In Support
British Gas Trading	BGT	In Support
EDF Energy	EDF	In Support
E.ON UK	EON	In Support
National Grid NTS	NGNTS	In Support
RWE npower and RWE Supply and Trading GmbH	RWE	In Support

Of the six responses received, all were in support of implementation of the Proposal.

**13 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.

**14 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.

**15 Programme for works required as a consequence of implementing the Modification Proposal**

No programme for works would be required as a consequence of implementing the Modification Proposal.

**16 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)**

This Proposal could be implemented with immediate effect following direction

from Ofgem.

**17 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.

**18 Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel**

At the Modification Panel meeting held on 17 December 2009, of the 10 Voting Members present, capable of casting 10 votes, 10 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommends implementation of this Proposal.

**19 Transporter's Proposal**

This Modification Report contains the Transporters' proposal to modify the Code and the Transporters now seek direction from the Gas and Electricity Markets Authority in accordance with this Report.

**20 Text**

**TRANSITIONAL DOCUMENT**

**PART IIC - TRANSITIONAL RULES**

*Add new paragraph 9.10 to read:*

**“9.10 Publication of NTS Exit Capacity Information**

9.10.1 On the first Business Day following the 15<sup>th</sup> Day of each month in the exit capacity transitional period (the first such month being the publication month and the last such month being September 2012) National Grid NTS will publish in kWh, the:

- (a) prevailing:
  - (i) Baseline NTS Exit Capacity and NTS Offtake (Flat) Capacity at each NTS Exit Point;
  - (ii) Remaining Available NTS Exit Capacity and NTS Offtake (Flat) Capacity at each NTS Exit Point;
  - (iii) Registered NTS Exit Capacity held at each NTS Firm Supply Point;
  - (iv) Registered NTS Exit Capacity held at each NTS Firm CSEP;
  - (v) Registered NTS Offtake (Flat) Capacity held at each NTS/LDZ Offtake;
  - (vi) Maximum Supply Point Offtake Rate at each NTS DM Supply Point Component;
- (b) aggregate amount of gas in respect of which Interruption has

occurred (for the month preceding the date of publication) pursuant to the Interruption Notice(s) and/or the CSEP Interruption Notice(s) issued by National Grid NTS for all NTS Exit Points within an NTS Exit Zone.

9.10.2 For the purposes of this paragraph 9.10:

- (a) the "**publication month**" is the month following the month in which the Modification giving rise to this paragraph 9.10 is effective;
- (b) the "**Baseline NTS Exit Capacity and NTS Offtake (Flat) Capacity**" is the amount of NTS Exit Capacity and NTS Offtake (Flat) Capacity as set out in National Grid NTS's Exit Capacity Baseline Statement;
- (c) at any time the "**Remaining Available NTS Exit Capacity and NTS Offtake (Flat) Capacity** " in relation to that Gas Year or (as the case may be) a Day in that Gas Year is the amount (if any) by which the Baseline NTS Exit Capacity and NTS Offtake (Flat) Capacity for that Gas Year exceeds the aggregate amount of NTS Exit Capacity and NTS Offtake (Flat) Capacity registered, at that time, as held by Users in relation to that Gas Year or Day.

For and on behalf of the Relevant Gas Transporters:

**Tim Davis**

**Chief Executive, Joint Office of Gas Transporters**