

**CODE MODIFICATION PROPOSAL No 0342**  
**Amendment to the DN Adjustment Window**  
**Version 1.0**

**Date:** 13/10/2010

**Proposed Implementation Date:**

**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 Uniform Network Code\* (UNC).*

#### **Background**

Implementation of Modification Proposal\* 0195AV established the basis for the reform of NTS Exit Capacity\* booking arrangements that, in full, are scheduled to come into effect on 1 October 2012.

As part of the Enduring Exit Reform processes DNO Users\* are able to apply for Enduring Annual NTS Exit (Flat) Capacity\* rights in the Annual Application Window\* held in July of Gas Year\*Y, where Y is the Gas Year in which the Annual Application Window falls, for Gas Years Y+4, Y+5 or Y+6. DNO Users may also apply to revise both their NTS Exit (Flexibility) Capacity\* and their Assured Offtake Pressure\* at an NTS/LDZ Offtake\*, via the Offtake Capacity Statement\* and Offtake Pressure Statement\* processes also in July of each year.

Under the current UNC rules, for both the Transitional and Enduring periods, where a DNO User has applied for or revised their NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures during the Annual Application Window held in July, of each year National Grid NTS must provide an indicative Offtake Capacity Statement (inclusive of NTS Offtake (Flat) Capacity\* for the transitional period) and/or indicative Offtake Pressure Statement informing the DNO User(s) whether their application(s) have been fully accepted, partially accepted or rejected. This is currently achieved no later than 15<sup>th</sup> September (of the Gas Year Y) where Y is the Year. The DNO User(s) can then clarify, reconsider and resubmit their Application(s) for NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressure and/or, for the Transitional period only, NTS Offtake (Flat) Capacity within five (5) Business Days\* of receipt of the indicative Offtake Capacity Statement. National Grid NTS then has the opportunity to consider the resubmitted application(s) prior to agreeing the Offtake Capacity

Statement and Offtake Pressure Statement by the 30<sup>th</sup> September (in Gas Year Y).

Additionally, in respect of the Enduring Period, where National Grid NTS wholly or in part rejects an application, for additional NTS Exit (Flexibility) Capacity and/or an increase in Assured Offtake Pressure, a DNO User may submit revised applications for Enduring Annual NTS Exit (Flat) Capacity. These revised applications must be submitted on any of the first five (5) Business Days following the 15<sup>th</sup> September (commonly known as the DN adjustment window). National Grid NTS then has until the 30<sup>th</sup> September (in Gas Year Y) to notify the DNO User of which of its revised applications have been accepted.

It has been identified that a proposed change to the timelines detailed above will allow the DNO User(s) to receive their indicative statements at an earlier date and allow additional time to be embedded into the OCS/OPS process in order for National Grid and DNO User(s) to undertake more detailed analysis and engage in more detailed discussions with regards to the DNO User(s) revised applications.

### **Proposal**

National Grid NTS proposes that the indicative Offtake Capacity Statement and/or indicative Offtake Pressure Statement, for both the transitional and enduring periods, be provided by no later than 15 Business Days after the closure of the Annual Application Window in July.

For the Transitional Period National Grid NTS further proposes, following the submission to the DNO User of the indicative Offtake Capacity Statement and/or indicative Offtake Pressure Statement, that the number of Business Days available to a DNO User to clarify, reconsider and resubmit its application(s) for NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures and, NTS Offtake (Flat) Capacity is increased from 5 (Five) to 10 (Ten) Business Days. National Grid NTS will continue to have until the 30<sup>th</sup> September to consider these applications and agree the Offtake Capacity and Offtake Pressure Statements.

For the Enduring period where National Grid NTS wholly or in part rejects a request for additional NTS Exit (Flexibility) Capacity or an increase in Assured Offtake Pressure and the DNO User then submits a revised application for Enduring Annual NTS Exit (Flat) Capacity, National Grid NTS also proposes that the DNO Users revised application can be submitted on any of the first 10 (Ten) Business Days following the provision of indicative Offtake Capacity and/or indicative Offtake Pressure Statement in Gas Year Y, rather than the 5 (Five) Business Days following the 15<sup>th</sup> September as it is currently. To clarify all indicative statements will be issued on the same day. National Grid NTS will then continue to have until the 30<sup>th</sup> September to notify a User which of its applications has been accepted.

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

b)

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.**

Recommend this should proceed to Consultation

**2 User Pays**

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

Not Applicable

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**

*Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;* For the reasons given below, National Grid NTS believes that this Proposal will better facilitate relevant objectives A11.1 (a);

Implementation of this proposal will embed additional time into the OCS/OPS process for National Grid NTS to undertake more detailed analysis of its network following a DNO User(s) resubmitting its submissions for NTS (Exit) Flat Capacity, NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures. This will enable National Grid NTS to engage in more detailed discussions with the DNO User(s) regarding their revised applications for NTS (Exit) Flat Capacity, NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures. This may better

facilitate National Grid NTS' decisions with regards to the capabilities of the NTS and help National Grid NTS to meet DNO User requests in the most efficient and economic manner.

Embedding additional time within the process may also enable National Grid NTS to better assess and evaluate supply patterns to constrained areas of the network and by undertaking more detailed analysis be able to assess with increased confidence whether there will be sufficient levels of supply to meet any additional DNO commitments.

The proposal will also allow for more options to be discussed between National Grid NTS and the DNO User(s) following resubmitted allocations. This may result in National Grid NTS being able to identify alternative solutions to reinforcement that meet the requirements of the DNO User(s). This will help to ensure that the system is utilised in the most economic and efficient manner by avoiding potentially unnecessary investment costs.

***Standard Special Condition A11.1 (b): so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of (i) the combined pipeline system , and/ or (ii) the pipe-line system of one or more other relevant gas transporters;*** For the reasons given below, the Proposer believes that this Proposal will better facilitate relevant objectives A11.1 (b);

As stated above for Standard Special Condition A11.1 (a) Implementation of this proposal will embed additional time into the process for a DNO User to undertake more detailed analysis of its network after receiving their initial allocations for NTS Exit (Flat), NTS (Flexibility) and/or Assured Offtake Pressures. This will enable the DNO User(s) to evaluate, with increased confidence, whether their indicative allocations will be sufficient to manage their own network/s, meet their relevant customer requirements and therefore better facilitate their decisions regarding any revised applications to National Grid NTS. The Proposal will also Provide the DNO User(s) and National Grid NTS with additional time when discussing the DNO User(s) revised applications. This may better facilitate National Grid NTS in its decision making with regards to the capabilities of the NTS and help it to meet the DNO User(s) requests in the most efficient and economic manner. The combination of more detailed analysis and dialogue between National Grid NTS and the DNO User(s) regarding each others system requirements may aid in the decision making process to support both the efficient utilisation of an individual DNO User(s) system and the economic and efficient operation of the overall combined pipeline system.

Also as seen above for Standard Special Condition A.11.1 (a) Embedding additional time in the process may enable National Grid NTS to undertake more detailed analysis of its own network thereby utilising the information provided by the DNO User(s) to better assess and evaluate supply patterns to constrained areas of the network and then, by undertaking more detailed analysis, be able to assess with increased confidence, whether there will be sufficient levels of supply to meet any additional DNO commitments. This will allow for more options to be assessed when the DNO User(s) resubmit their allocations, ensuring that reinforcement can be avoided, where possible and an alternative solution maybe found that then meets

their requirements of both the DNO User(s) and National Grid NTS. This will help to ensure that the overall combined pipeline system is utilised in the most efficient and economic manner by avoiding what maybe unnecessary investment cost and time delays whilst also meeting the supply and demand requirements of the overall combined pipeline system.

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

Amending the DN Adjustment Window to allow additional levels of discussion and analysis may provide the opportunity for National Grid NTS to better facilitate the DNO Users requirements and this may help satisfy any obligations that relate to security of supply.

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

**a) The implications for operation of the System:**

National Grid NTS does not believe this Proposal, if implemented, would adversely affect the physical operation of the System.

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

Not applicable

**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**

National Grid NTS believes that the Proposal will have no material impact on the level of contractual risk of each Transporter.

**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)**

Not applicable.

**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**

Not applicable.

- 8 The implications for Users of implementing the Modification Proposal, including:**
- a) **The administrative and operational implications (including impact upon manual processes and procedures)**  
National Grid NTS would welcome responses from Users in this area.
- b) **The development and capital cost and operating cost implications**  
National Grid NTS would welcome responses from Users in this area.
- 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**  
National Grid NTS would welcome responses from Users in this area.
- 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)**  
National Grid NTS is not aware of any such implications but would welcome responses from users in this area
- 10 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**  
National Grid NTS is not aware of any such consequences
- 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 in paragraphs 2-10
- 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)**  
No written representations have been received
- 13 Detail of all other representations received and considered by the Proposer**  
None

**14 Any other matter the Proposer considers needs to be addressed**

None

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

Initial Draft Presentation discussed at April Transmission Workstream

Draft Proposal and further Presentation provided July 2010 at Transmission Workstream

Proposal Submitted to October Mod Panel 21/10/10

National Grid NTS requests that this Proposal be issued for Consultation. 21/10/10

**16 Comments on Suggested Text**

To be advised

**17 Suggested Text**

To be advised

**Code Concerned, sections and paragraphs**

Uniform Network Code

Transportation Principal Document

**Section(s)** UNC TPD B3 & J2 and TD IIC,

**Proposer's Representative** Mark Lyndon

*Name (Organisation)* National Grid NTS