

INITIAL REPRESENTATION

0390: Introduction of a Supply Point Offtake Rate Review and Monitoring Process

Date: 16/08/2011

Organisation: National Grid NTS

This forms National Grid NTS's initial views with regards to this Proposal.

UNC Modification Proposal 0390 introduces new obligations on both Transporters and Shippers to review Supply Point Offtake Rates (SPOR) for Daily Metered Supply Points, in particular:

- a requirement on Users to apply for a revised SPOR where they become aware of a decrease in the required maximum offtake rate
- extend the current obligation by which a User shall take all reasonable steps to secure that it becomes aware of any increase (due to a change in the size or nature of, or the nature of the use of, the Consumer's Plant) in the maximum offtake rate before such increase occurs, to also include decreases.
- a requirement on Transporters and Users to review, on an annual basis, actual hourly consumption data against a Users registered SPOR via the introduction of an annual report.

The implementation of Modification Proposal 0390 to facilitate the provision of more accurate SPORs is in turn is expected to lead to:

- the utilisation of existing capacity more effectively avoiding capacity sterilisation.
- more efficient investment and planning of the development of the distribution network system,
- the prevention of additional investment costs caused by inaccurate capacity requirements, avoiding unnecessary re-enforcement
- prevent security of supply issues due to the gas network not being able to cope with the demand placed on it
- prevent safety issues related to failure to supply risk for the wider network

National Grid NTS agrees with the Proposer that the Proposal will provide a number of benefits for both Distribution Networks and those Shippers with DM Supply Points within the Distribution Networks but is of the opinion that the introduction of Enduring Exit Capacity Processes means that the same benefits would not be realised in respect of the NTS.

In relation to the aims of the Proposal the Enduring Exit arrangements already require that National Grid NTS and Users (UNC TPD B3.6.8 and 3.6.9) ensure that they are aware of any change to the size, nature and use of a gas facility at which gas is offtaken and that each shall notify the other as soon as reasonably practicable after becoming aware of the change. The requirements of B3.6.8 and B3.6.9 do not differentiate between increases and decreases only that there has been a change.

Furthermore under the Enduring Exit arrangements the MSPOR/SPOR are not required in the capacity booking processes, Users are able to apply for and reduce their level of NTS Exit Capacity based solely upon their individual requirements in accordance with UNC TPD B3. It is this information that will form the basis of National Grid NTS investment planning. Furthermore Shipper Users are also able to vary their flows through the use of Offtake Profile Notifications (OPNs) and the terms of their Network Exit Agreements (NEXAs) via notice periods and ramp rates.

National Grid NTS continues to require Users to provide notification of the MSPOR as it is used in the calculation of Off-peak Daily NTS Exit (Flat) Capacity (UNC TPD B3.6.2), however National Grid NTS does not invest in its network to provide off-peak capacity and there are no obligations on Users to book Off-Peak NTS Exit (Flat) Capacity.

During discussion of the Proposal clarification was sought from National Grid NTS with regards to whether the exclusion of NTS Exit Points may be construed as discriminatory. National Grid NTS does not agree with the suggestion that the exclusion of NTS Exit Points from the additional requirements introduced by Mod 390 would be discriminatory and/or would confer an unfair commercial advantage on those Users who are directly connected to the NTS on the basis that such difference in treatment is objectively justifiable for the reasons set out above, namely:

1. that the Enduring Exit regime already includes obligations which are equivalent to what is now proposed; and
2. if the additional requirements described under Mod 390 were to apply in relation to NTS Exit Points this would not achieve the benefits that are anticipated in the Proposal.

In addition, TPD G5 (which is the subject of the proposed amendments set out in Mod 390) will currently only apply to LDZ Supply Points (with the exception of TPD G5.6 which also applies in respect of NTS Supply Point Components) in the Enduring Exit regime and in light of the above, National Grid NTS considers that it would not be efficient or appropriate for this section to be expanded to include NTS Supply Point Components, which the Proposal if not amended may be construed as doing.

For these reasons National Grid NTS would like to see UNC Modification Proposal 0390 clarified to exclude NTS Exit Points.