

Representation

Draft Modification Report

0397S - Amendments to Section I of the OAD to reflect Offtake Profile Notice rules & recognition of different NTS/LDZ Offtake sensitivities

Consultation close out date: 30 March 2012

Respond to: enquiries@gasgovernance.co.uk

Organisation: **National Grid NTS**

Representative: Phil Hobbins

Date of Representation: 30 March 2012

Do you support or oppose implementation?

Support/Qualified Support/Neutral/Not in Support/Comments* ~~delete as appropriate~~

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

Whilst accuracy of OPN data is desirable for National Grid NTS at all offtakes, it is currently more important at some offtakes than others. The Modification Proposal acknowledges this and provides a mechanism for establishing appropriate OPN tolerances for those offtakes, both now and in the future, for which accurate information is most important. It also proposes a number of other changes to OAD, the majority of which National Grid NTS supports. However we are not in favour of the proposed deletion of OAD Section I2.5.2(a), which would remove the obligation on DNOs to provide National Grid NTS with the operational circumstances giving rise to any DNO flow swap request.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No.

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should be a self-governance modification?

Yes.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We believe that the Modification would enhance the relevant objectives as detailed in the Draft Modification Report.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

There would be a small amount of extra resourcing required to periodically review the OPN tolerances for the designated offtakes.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

We believe that an implementation date of 1st July 2012 should be sufficient to enable the OPN tolerances for designated offtakes to be agreed and the revised Supplemental Agreements executed.

Legal Text:

Are you satisfied that the legal text [and the proposed ACS (see www.gasgovernance.co.uk/proposedACS)] will deliver the intent of the modification?

There are some enhancements to the legal text that National Grid NTS believes would be beneficial which are listed below:

- 1) The references to Supplemental Agreement in paragraphs 1.2.1(c) and (d), 3.1.1 and 3.1.2(a) do not need to be preceded with the word 'Offtake'.
- 2) Amended paragraph 3.1.3 would benefit from stating that the 3% LDZ tolerance is not applicable where an LDZ is served by only one offtake.
- 3) New paragraph 3.1.4 would be more correctly rendered: "Amending the categorisation of an Offtake from a Designated Offtake to a Non-Designated Offtake (or vice versa)..."
- 4) The end of new paragraph 3.1.5 should read "...agreed by both relevant Transporters"
- 5) Amended paragraph 3.2.1 currently reads:

"A Supplemental Agreement may be amended by agreement of the Parties and not otherwise (save for a Designated Offtake or Non-Designated Offtake which may be amended (limited to amendments to Designated or Non-Designated components) by National Grid NTS if both Parties cannot agree); and accordingly, a Supplemental Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of this Document which apply to or are incorporated into such Supplemental Agreement)."

The terms "Designated" and "Non-Designated" without the word "Offtake" after them are not valid defined terms. National Grid NTS suggests revised text as follows:

"3.2.1 A Supplemental Agreement may be amended by agreement of the Parties and not otherwise (save for any amendment relating to the introduction of or amendment to the tolerance referred to in paragraph 3.1.2, which may be effected by National Grid NTS in its sole discretion if the Parties cannot agree); and accordingly, a Supplemental Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of this Document which apply to or are incorporated into such Supplemental Agreement)."

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

The reason for our support being qualified rather than full is the proposed deletion of OAD Section I2.5.2(a), which would remove the obligation on DNOs to provide National Grid NTS with the operational circumstances giving rise to any DNO flow swap request.

Whilst OAD does not place an equivalent obligation on National Grid NTS in circumstances where it is the party requesting a flow swap, we believe that the asymmetry of OAD rules in this regard is justified. This is because National Grid NTS is potentially managing flow swap requests from multiple parties within similar time periods, whereas a DNO will only be considering a flow swap request from a single party (National Grid NTS). For example, it could be the case that two DNOs request a flow swap at the same time and National Grid NTS can only accommodate one request, in which case such information would be required to enable National Grid NTS to take the most efficient decision for the system as a whole. Notwithstanding this proposed deletion, we trust that relevant information provision will continue between Transporters in respect of flow swaps and note that the permitted purpose for DNO flow swaps remains unchanged.

However, given that National Grid NTS is in support of all other aspects of this Modification Proposal, we believe that there is a greater good to be gained by implementation than not.