

Stage 04: Final Modification Report

0414S:

Discontinuation of ANS usage for Interruption Communications by Transporters

This modification aims to remove the obligation on Transporters to use the Active Notification System (ANS) for the revised interruption communications.



Panel determined that 0414S should be implemented



High Impact: -



Medium Impact: -



Low Impact: Transporters and Shippers

At what stage is this document in the process?



0414S

Final Modification Report

21 June 2012

Version 2.0

Page 1 of 13

© 2012 all rights reserved

Contents

- 1 Summary
- 2 Why Change?
- 3 Solution
- 4 Relevant Objectives
- 5 Impacts and Costs
- 6 Implementation
- 7 The Case for Change
- 8 Legal Text
- 9 Consultation Responses
- 10 Panel Discussions
- 11 Recommendation

About this document:

This document is a Final Modification Report, presented to the Panel on 21 June 2012. The Panel will consider the views presented and decide whether or not this self-governance change should be made.



3 Any questions?

4 Contact:
4 **Joint Office**



4 enquiries@gasgovernance.co.uk



5
6 **0121 623 2115**

8 Proposer:
8 **Erika Melén**



9
11 erika.melen@sgn.co.uk



12
13 **07772 142226**

Transporter:
Scotia Gas Networks

Xoserve:



commercial.enquiries@xoserve.com

0414S

Final Modification Report

21 June 2012

Version 2.0

Page 2 of 13

© 2012 all rights reserved

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification.

Why Change?

The current Active Notification System (ANS) within UK Link Services is currently noted in the UNC and UK Link Manual for Interruption notifications. However, no shippers have opted to use this method of communication (this is now carried out by facsimile or telephone) and so maintaining access to this system is imposing an unnecessary cost across Distribution Network Owners (DNOs).

For the avoidance of doubt, this modification is not looking to remove the usage of ANS for other National Grid Transmission communications including Gas Balancing Alerts and emergencies.

Solution

This proposal will remove the transporter obligation to use the Active Notification System for the revised interruption communications process in the UNC and UK Link Manual

Impacts and Costs

No negative impacts have been identified in relation to the implementation of this modification and there are no identified costs associated with implementation.

Implementation

As this is a self-governance modification, implementation could be 16 business days after a Modification Panel decision to implement.

The Case for Change

The current obligations to use ANS in the UNC and UK Link Manual are redundant as this method of communications is no longer used for the revised interruption notifications and maintaining access to this system is imposing an unnecessary cost on DNOs.

2 Why Change?

The UK Link Network is the communication infrastructure that allows the Transporters to communicate with UK Link Users and vice versa.

One of the services within UK Link is the Active Notification System (ANS), which is used to communicate urgent information to all relevant UK Link Users where a timely response is needed. The types of instances for which ANS was originally designed include transportation constraints, interruption notifications, emergency communications, flexibility bids and total system demand forecasts. Please note that a majority of these scenarios will still require ANS to be used by National Grid Transmission, and which are not in scope of this modification.

ANS transmits messages over a mobile radio network service to a remote messaging device held by each UK Link User (Active Notification Device). This device allows the Distribution Network Owners and National Grid Transmission to monitor delivery receipts to ensure all messages are delivered.

Historically ANS has been an option to be used for Interruption Notices, where the shippers opt for this method. Since the implementation of Interruption Reform no shippers have opted to receive communications using ANS and communication is now carried out by telephone or facsimile. As the obligations are still in place in the UNC and UK Link Manual, DNOs continue to incur costs to ensure access to the system although ANS is now not in use by DNOs for any purposes.

To clarify, the only current UNC obligation on DNOs to use ANS is for interruption communication purposes. There is no obligation on DNOs to use ANS for the communication of local gas supply emergencies; these are communicated through the National Gas Incident Site (used by Scotia Gas Networks, Northern Gas Networks and National Grid Distribution) or the Wales & West incident notification system as per the DNO Emergency Procedures.

3 Solution

This proposal will remove the requirement for transporters to use the Active Notification System and Active Notification Device from the UNC and UK Link Manual in regards to Interruption communications (removing UNC TPD Section G 6.9 and amending UK Link Manual Appendix 5B from using ANS to telephone/facsimile for relevant Interruption communications).

For the avoidance of doubt, this modification is not looking to alter National Grid Transmission's use of ANS for Emergency communications, Forecast system demand, Transportation constraints or Non-compliant gas notifications.

4 Relevant Objectives

Impact of the modification on the **Relevant Objectives**:

| Relevant Objective | Identified impact |
|--|-------------------|
| a) Efficient and economic operation of the pipe-line system. | None |
| b) 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. | None |
| c) Efficient discharge of the licensee's obligations. | Positive |
| d) 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. | None |
| e) 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. | None |
| f) Promotion of efficiency in the implementation and administration of the Code. | Positive |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

Maintaining access to ANS is imposing an unnecessary cost on DNOs and so by removing the redundant system (for DNO purposes) it is felt that this will better facilitate **Relevant Objective c)** efficient discharge of the licensee's obligations.

UNC TPD Section G6.9 is now redundant as batch transfer is no longer in use for interruption notifications hence not requiring the related ANS communication. This modification can be seen to promote the efficient administration of the Code as per **Relevant Objective f)** by removing this redundant section.

5 Impacts and Costs

Consideration of Wider Industry Impacts

No wider industry impacts have been identified.

Costs

| Indicative industry costs – User Pays |
|--|
| Classification of the modification as User Pays or not and justification for classification |
| Not User Pays |
| Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification |
| N/A |
| Proposed charge(s) for application of Users Pays charges to Shippers |
| N/A |
| Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve |
| N/A |

Impacts

| Impact on Transporters' Systems and Process | |
|---|--|
| Transporters' System/Process | Potential impact |
| UK Link | <ul style="list-style-type: none"> • Yes |
| Operational Processes | <ul style="list-style-type: none"> • Yes |
| User Pays implications | <ul style="list-style-type: none"> • None |

| Impact on Users | |
|---|--|
| Area of Users' business | Potential impact |
| Administrative and operational | <ul style="list-style-type: none"> • None |
| Development, capital and operating costs | <ul style="list-style-type: none"> • None |
| Contractual risks | <ul style="list-style-type: none"> • None |
| Legislative, regulatory and contractual obligations and relationships | <ul style="list-style-type: none"> • None |

| Impact on Transporters | |
|---|---|
| Area of Transporters' business | Potential impact |
| System operation | <ul style="list-style-type: none"> • None |
| Development, capital and operating costs | <ul style="list-style-type: none"> • Yes, minor reduction in operating costs |
| Recovery of costs | <ul style="list-style-type: none"> • None |
| Price regulation | <ul style="list-style-type: none"> • None |
| Contractual risks | <ul style="list-style-type: none"> • None |
| Legislative, regulatory and contractual obligations and relationships | <ul style="list-style-type: none"> • None |
| Standards of service | <ul style="list-style-type: none"> • None |

| Impact on Code Administration | |
|-------------------------------|--|
| Area of Code Administration | Potential impact |
| Modification Rules | <ul style="list-style-type: none"> • None |
| UNC Committees | <ul style="list-style-type: none"> • None |
| General administration | <ul style="list-style-type: none"> • None |

| Impact on Code | |
|----------------|---|
| Code section | Potential impact |
| TPD U4.6 | <ul style="list-style-type: none"> • Yes |

| Impact on UNC Related Documents and Other Referenced Documents | |
|--|--|
| Related Document | Potential impact |
| Network Entry Agreement (TPD I1.3) | <ul style="list-style-type: none"> • None |
| Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4) | <ul style="list-style-type: none"> • None |
| Storage Connection Agreement (TPD R1.3.1) | <ul style="list-style-type: none"> • None |
| UK Link Manual (TPD U1.4) | <ul style="list-style-type: none"> • Yes |
| Network Code Operations Reporting Manual (TPD V12) | <ul style="list-style-type: none"> • None |
| Network Code Validation Rules (TPD V12) | <ul style="list-style-type: none"> • None |
| ECQ Methodology (TPD V12) | <ul style="list-style-type: none"> • None |

| Impact on UNC Related Documents and Other Referenced Documents | |
|--|--------|
| Measurement Error Notification Guidelines (TPD V12) | • None |
| Energy Balancing Credit Rules (TPD X2.1) | • None |
| Uniform Network Code Standards of Service (Various) | • None |

| Impact on Core Industry Documents and other documents | |
|---|------------------|
| Document | Potential impact |
| Safety Case or other document under Gas Safety (Management) Regulations | • None |
| Gas Transporter Licence | • None |

| Other Impacts | |
|--|------------------|
| Item impacted | Potential impact |
| Security of Supply | • None |
| Operation of the Total System | • None |
| Industry fragmentation | • None |
| Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties | • None |

6 Implementation

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

7 The Case for Change

No additional advantages or disadvantages were identified beyond those above.

8 Legal Text

Text

In response to a request from Ofgem, Scotia Gas Networks has provided the following legal text.

Removal of UNC TPD Section G 6.9 - Interruption Communications:

6.9 Interruption Communications Not Used

~~6.9.1 As soon as reasonably practicable after the DN Operator has given one or more Interruption Notices, it will send to all relevant Registered Users an Active Notification Communication stating that, in relation to all Users who have made an election under paragraph 6.9.2 such Batch Transfer Communications have been sent by the DN Operator.~~

~~6.9.2 A User may elect, by giving not less than one month's notice to the DN Operator:~~

~~(a) to receive all Interruption Notices in respect of Supply Points in relation to which it is Registered User; and~~

~~(b) to give all confirmations pursuant to paragraph 6.8.3(b) by means of Batch Transfer Communication. 6.9.3 Subject to paragraphs 6.9.4 and 6.9.5, where a User makes an election under paragraph 6.9.2, on expiry of the relevant period of notice, Code Communications for the purposes of paragraphs 6.8.1 and 6.8.3(b) shall be given by Batch Transfer Communication, and where the User gives any Code Communication to the DN Operator under this paragraph 6.9 by Batch Transfer Communication, the User must promptly inform the DN Operator, by telephone or facsimile, of the transmission of such Batch Transfer Communication.~~

~~6.9.4 Where:~~

~~(a) the DN Operator has given to a User an Interruption Notice by Batch Transfer Communication;~~

~~(b) the User is unable, in accordance with Section U4.5, to access such Batch Transfer Communication; and~~

~~(c) the User notifies the DN Operator of such inability, by telephone or facsimile, not later than thirty (30) minutes after the Interruption Notice was given the DN Operator will give to the User Interruption Notice by facsimile, and this facsimile shall constitute an Interruption Notice for the purpose of establishing the Interruption Start Time.~~

~~6.9.5 Where any User has made an election pursuant to paragraph 6.9.2, that User may elect by notice to the DN Operator:~~

~~(a) to receive all Interruption Notices in respect of Supply Points in relation to which it is Registered User; and~~

0414S

Final Modification Report

21 June 2012

Version 2.0

Page 9 of 13

© 2012 all rights reserved

~~(b) to give all confirmations under paragraph 6.8.3(b) by facsimile, provided that no election may be made under this paragraph 6.9.5 less than one month after the date of an election by that User under paragraph 6.9.2.~~

~~6.9.6 Where a User makes an election under paragraph 6.9.5, on expiry of one month from the date of the relevant notice, or from such other date as the DN Operator and the User may agree, Code Communications for the purposes of paragraph 6.8.1 and 6.8.3(b) shall be given by telephone or facsimile.~~

Amendment of Section Q 3.4 as a referencing error was found

3.4 Emergency Interruption

3.4.1 The relevant provisions of Section G6 will apply for the purposes of Interruption in a Gas Supply Emergency or Local Gas Supply Emergency, except that:

(a) the Transporter shall not be required to give five (5) hours notice of Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;

(b) the User may not request an alteration pursuant to Section G6.8.2 to the Supply Points to be Interrupted;

(c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G6.7.5;

(d) the provisions of Section G6.910 (other than Section G6.910.2(a)) in respect of a failure to Interrupt shall not apply.

Amendment of Section V 4.3.9 as a referencing error was found

4.3.9 For the purposes of paragraphs 4.3.1(c)(i) and (d)(i) the following breaches are excluded:

(a) a breach which results from a breach by the Transporter of the Code or an Ancillary Agreement;

(b) a failure to Interrupt (as described in Section G6.910);

(c) the delivery or tendered delivery by the User of non-compliant gas (as described in Section I3.5);

(d) a breach other than a wilful breach of a provision of the Code where the Code specifically provides some other remedy for such breach and such other remedy may reasonably be considered to be adequate in the circumstances.

9 Consultation Responses

Representations were received from the following parties:

| Company/Organisation Name | Support Implementation or not? |
|----------------------------|--------------------------------|
| British Gas | Support |
| National Grid Distribution | Support |
| National Grid NTS | Neutral |
| Northern Gas Networks | Support |
| Scotia Gas Networks | Support |

Of the five representations received four supported implementation, and one party remained neutral.

Summary Comments

British Gas observed that, since cost is cited as the main reason for withdrawing the service, it might have been helpful if a figure had been provided for the expected savings to DNOs. It may then have been easier to arrive at a reasoned decision about the benefits of withdrawing the service vs the risks (e.g. that it will be required in future).

10 Panel Discussions

The Panel Chair summarised that the UNC obliges the DNs to offer ANS as a means of communication regarding interruption. However, batch transfer is no longer in use for interruption notifications and hence the related ANS communication is also no longer in use.

By removing a redundant obligation from the UNC, implementation of the modification has the potential to reduce costs and is consistent with facilitating efficient administration and implementation of the Code.

Members then voted and unanimously determined that Modification 0414S should be implemented.

11 Recommendation

Panel Recommendation

Having considered the 0414S Modification Report, the Panel determines:

- that proposed self-governance Modification 0414S should be made.