UNC Modification	At what stage is this document in the process?
# UNC 0XXX: *(Code Administrator to issue reference)* ## Increased DM SOQ Flexibility	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification:

To allow DM SOQs to be adjusted more flexibly, better reflecting costs and avoiding inefficient investment

	The Proposer recommends that this modification should be: • subject to self-governance • assessed by a Workgroup This modification will be presented by the Proposer to the Panel on dd mmm yyyy *(Code Administrator to provide date)*. The Panel will consider the Proposer's recommendation and determine the appropriate route.
	High Impact: None
	Medium Impact: Non-Traditional DM Loads and their Shipper/Supplier
	Low Impact: None

Contents

Timetable

Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.

The Proposer recommends the following timetable: *(amend as appropriate)*	
Initial consideration by Workgroup	dd month year
Amended Modification considered by Workgroup	dd month year
Workgroup Report presented to Panel	dd month year
Draft Modification Report issued for consultation	dd month year
Consultation Close-out for representations	dd month year
Variation Request presented to Panel	dd month year
Final Modification Report available for Panel	dd month year
Modification Panel decision	dd month year

Any questions?

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1 Summary

What

Non-traditional DM loads may see increased demands for short periods that are outside the peak. This can lead to SOQs that overstate the true peak and so give inappropriate investment signals, together with charge levels that are not cost reflective.

Why

This change should be made to improve cost reflectivity; support efficient network investment; and avoid inefficient investment decisions in respect of actual or potential DM sites.

How

Allowing temporary DM SOQ increases on non-peak days would deliver more appropriate signals.

2 Governance

Justification for Self-Governance

The modification:

(i) is unlikely to have a material effect on:

(aa) existing or future gas consumers; and

(bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and

(cc) the operation of one or more pipe-line system(s); and

(dd) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

(ee) the uniform network code governance procedures or the network code modification procedures; and

(ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

3 Why Change?

DM loads are generally large users that are expected to have a relatively flat and predictable demand profile. By contrast, some new DM loads may have demand driven profiles that are beyond the operator's immediate control, with potential for peaks in usage that are away from the 1 in 20 peak. CNG filling stations provide a specific example of this type of load.

Although still relatively rare, a number of public access CNG filling stations are already connected or under construction. They are used by HGVs that run on CNG rather than diesel, delivering much reduced emissions. The number of vehicles that may use a public access filling station, and the amount of gas they offtake, is not controlled by the filling station operator but is instead dependent on fleet usage patterns. There can, however, be heavy demand days due to specific circumstances.

For example, fleet operators may have procurement processes that involve delivery of a number of vehicles at the same time. This may mean, for example, that 100 new CNG powered HGVs are delivered at the same time. The whole fleet will be fuelled from (near) empty on the same day. This level of demand is highly unlikely to be experienced again from these vehicles – the probability of all needing to be refuelled from close to empty is indistinguishable from zero.

If the CNG filling station is Daily Metered, accommodating the potential level of demand on these occasional days means setting a very high SOQ – well above the typical amount of gas used. These high demand days are highly unlikely to be peak days because of the nature of the users – peak gas usage days are cold, and days with snow and ice on the road see significantly reduced HGV traffic (new trucks would not be delivered when roads are icy).

A second example of significantly increased demand at a CNG filling station is when issues arise at a separate filling station. When fleet operators invest in CNG powered HGVs, they expect the filling station to be available when required. As well as facilities to support refuelling of trucks, some CNG filling stations have bays that can fill CNG trailers. These trailers hold large quantities of gas that can be taken to a different location where the gas is discharged, proving a source of gas when pipeline gas is not available.

To provide a backup at public access filling stations, mobile refuelling facilities have been developed that can be supplied by a CNG trailer. If, as has indeed been the case in the weeks immediately prior to this proposal being drafted, there is an issue with the availability of pipeline gas, the use of CNG trailers from one CNG station at another effectively means that one DM meter is supplying two sites – If the supplying “Mother” station is much the same scale as the receiving “Daughter” station, daily gas usage at Mother station would be doubled. While such incidents may occur at the peak, this is unlikely to increase peak demand on a network because CNG demand from HGVs will be reduced through weather impacts.

With the potential to significantly increase demand for a short period as a backup to another site, transferring rather than increasing demand, a requirement to book SOQs that cover this demand at a DM site would lead to SOQs that do not reflect system demand at the system peak, creating inappropriate signals.

4 Code Specific Matters

Reference Documents

???

Knowledge/Skills

???

5 Solution

Potential solutions might be temporary off-peak SOQ increases; allowing more frequent SOQ changes, both up and down; creating daily capacity products, such as are used for NTS connected sites; or other creative

developments to reflect non-traditional loads that are expected to have peaks that do not coincide with system peaks.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No impact.

Consumer Impacts

If the issue is not addressed, this could deter CNG filling station development and so deter the switch to lower emission vehicles, impacting consumers through environmental impacts as well as through higher charges (CNG vehicles are expected to reduce fleet costs). Additionally, deterring gas connections will mean that fixed network costs are spread across a smaller base, thereby losing the opportunity to reduce the network costs faced by consumers.

Cross Code Impacts

None identified.

EU Code Impacts

None identified.

Central Systems Impacts

Systems impacts will be dependent on the solution that is developed and are potentially a critical factor in determining the best way forward.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive

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.	None
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

Cost reflectivity would be improved and inappropriate investment signals avoided.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised and no requirement for supporting systems changes.

9 Legal Text

Text Commentary

To be developed.

Text

To be developed.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- Refer this proposal to a Workgroup for assessment.