

Modification Report
Modification Reference Number 0093

This modification report is made pursuant to Rule 9 (**Urgent**) of the Modification Rules and follows the format required under Rule 8.12.4.

1. Circumstances Making This Modification Urgent

In accordance with Rule 9.2(a) Ofgas has agreed that this modification should be treated as URGENT because of the short timescale to implementation.

2. Procedures Followed

TransCo agreed with Ofgas (and has followed) the following procedures for this Proposal:

Proposal sent to Ofgas	4/11/96
Ofgas agree Urgency	7/11/96
Circulated for representations	7/11/96
Representations close out	18/11/96
Modification Report to Ofgas	20/11/96

3. The Modification Proposal:

The proposal is to create a "Migration Period" from 00:01 Thursday 9th January to 24:00 Tuesday 14th January 1997 (inclusive) during which time certain activities and Code Communications will be suspended.

4. TransCo's opinion:

TransCo share the concerns of some shippers (see attached representations) regarding the implications of taking the sites & meters database off-line during the winter, however other parts of the industry and Ofgas did not wish to delay competition until April.

5. Extent to which the modification would better facilitate the relevant objectives:

This modification will increase competition and choice.

6. The implications for TransCo of implementing the Modification Proposal, including:

a) implications for the operation of System and any BG Storage Facility:

No impact.

b) development and capital cost and operating cost implications

None.

c) extent to which it is appropriate for TransCo to recover the costs, and proposal for the most appropriate way for TransCo to recover the costs:

TransCo is not proposing any specific cost recovery for this modification.

d) analysis of the consequences (if any) this proposal would have on price regulation;

None.

7. The consequence of implementing the Modification Proposal on the level of contractual risk to TransCo under the Network Code as modified by the Modification Proposal;

No Impact.

8. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers;

Introducing the second phase of Domestic Competition requires that the UK Link system be modified to include records of relevant end users within the south of England. The date for this is currently planned as 10th February 1997.

To achieve this the sites & meters database must be extended to include the additional 1.5 million customers.

Work on extending the database can only be carried out with the system "off-line" and it is currently anticipated that this will take a total of six days to complete. It is therefore necessary to take the database out of commission for this period and shippers will not be able to access it via their systems.

9. The implications of implementing the modification for Relevant Shippers,

They will not be able to make any of the transactions outlined in 9.4.4 of the revised legal text during the outage. However they will then have a larger market in which to operate.

10. The implications of implementing of the modification for terminal operators, suppliers, producers and, any Non-Network Code Party;

Larger market for suppliers, no impact for the others.

11. Consequences on the legislative and regulatory obligations and contractual relationships of TransCo and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal;

No Impact.

12. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal;

Advantages. This will allow a further 1.5 million sites to be opened up to competition.

Disadvantages. Sites and meters database will be off-line for 6 days.

13. Summary of the representations (to the extent that the import of those representations are not reflected elsewhere in the modification report;

Four shippers made representations, two supportive and two requiring further details, which are given below.

TransCo Response

All possible methods to complete the database 'merge' for Domestic Competition Phase Two have been explored. Given the time constraints and the tried and tested process used on the

introduction of phase one domestic competition, the only feasible option is to close the database down for six days. The date for the close down (9th until 14th January 1997) has been specifically chosen to avoid the end or beginning of a month when most confirmations and withdrawals take place. It also fits in with the end of the monthly meter read cycle. As sites cannot change ownership during the migration period it therefore follows that supply point withdrawals will not take place. There will be a 'catch up' period on the 15th January 1997 to update the database with SPA/Meter Asset details.

TransCo suggests that the practical solution to the issues raised by Agas is to either extend a contract with the end user or bring forward the transfer date in those rare instances where a supply point is due to change hands in this slack period. This approach addresses the concern about interruption as all such instances would occur within contract.

The inability to withdraw or confirm sites should not require the outgoing shipper to extend capacity registration, specifically: NTS entry capacity is not supply point specific and was booked by shippers for a 12 month period commencing 1 October 1996.

In the case of NTS exit capacity i) NDM supply points: capacity is allocated by the system to the registered shipper, ii) firm DM supply points: capacity was booked with effect from 1 March 1996 for a 12 month period, iii) interruptible supply points: they do not require capacity. LDZ capacity is allocated by the system to the registered user for all categories of supply point.

It is difficult to see why NTS entry capacity or NTS exit capacity (in the case of firm DM supply points only) would need to be increased as this period in January is well into the period of winter conditions and, presumably, any such increases would already have been made. It follows that there is no case for a reduction in Overrun multipliers in this period. It is not intended to use the Datalogger Contingency system during the period.

14. The extent to which the implementation is required to enable TransCo to facilitate compliance with safety or other legislation;

Implementation is required to facilitate Phase 2 of Domestic Competition.

15. Programme of works required as a consequence of the implementation of the Modification Proposal;

System down from 00:01 Thursday 9th January to 24:00 Tuesday 14th January 1997 (inclusive) during which time certain activities and Code Communications will be suspended.

16. Proposed implementation timetable;

Blocks will be put on the system covering the dates of the migration period as soon as Direction is received.

17. Recommendation for the implementation of the modification;

TransCo recommends implementation as without the necessary data migration, Phase 2 of Domestic Competition cannot proceed.

18. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

19. TransCo Proposal

This Modification Report contains TransCos proposal to modify the Network Code and TransCo now seeks a direction from the Director General in accordance with this report.

20. Text provided pursuant to Rule 9 (Urgent). Section M - Paragraph 4.4

Revise paragraph 4.4.2 to read:

"...at any time up to and including the Exit Close Out Date will be used..."

Transition Document Part II paragraph 9

Add a new paragraph 9.4 as follows:

"9.4 UK Link Suspension for Migration Purposes

"9.4.1 During the period (the "**Migration Period**") in which, pursuant to the document entitled Domestic Market Supply Point Migration, TransCo undertakes the migration to the Supply Point Register of data relating to Monopoly Supply Points in Phase 2 (each as defined in that document), the operation of certain parts of UK Link for certain purposes of Sections E, G and M will be suspended, and accordingly this paragraph 9.4 shall apply.

9.4.2 TransCo will:

- (i) use all reasonable endeavours to minimise the duration of the Migration Period; and
- (ii) inform all Users of, and keep all Users promptly informed of any changes in, the expected date of commencement and (both before and after such commencement) expected duration of the Migration Period.

9.4.3 The Migration Period will commence at 24:00 hours on a Day (but by virtue of Section V11.1.5 will be considered to have commenced at the start of the following Day), and will end at 24:00 hours on another Day (but by virtue of that Section will be considered to have ended at the end of that Day).

9.4.4 The provisions of Section G shall be varied as follows:

(a) during the Migration Period:

- (i) no revision of the Supply Point Register will be made;
- (ii) none of the following Code Communications may be made: Supply Point Nomination, Supply Point Offer, Supply Point Confirmation, Supply Point Objection, Supply Point Withdrawal, request for Isolation, notice of designation as Firm or redesignation as Interruptible, application to increase or reduce Supply Point Capacity or Supply Point Offtake Rate;
- (iii) no application for Siteworks, or communication pursuant to any Siteworks Contract, or other communication (under the Code or any other contract between TransCo and a User) pursuant to which TransCo would be required to revise the Supply Point Register, may be made;

(b) no Supply Point Confirmation may be made for a Proposed Supply Point Registration Date during the Migration Period;

(c) all Days in the Migration Period shall be deemed not to be Business Days for the purposes of Section G (and accordingly Section M and Part V).

9.4.5. The provisions of Sections E, M and S shall be varied as follows:

(a) for the purposes of this paragraph 9.4.5:

(i) in relation to each Day (D_i) in the relevant period, the "**relevant date**" is D_e ;

(ii) the "**relevant period**" is the period from D_i to D_{2n}

where:

i is 1 for the first Day in the Migration Period;

n is the number of Days in the Migration Period; and

e is $(i/2 + n)$, rounded up (if not a whole number) to the nearest whole number;

(b) for the purposes of Section E1.9.1 (i) the Exit Close-out Date for each Day in the relevant period shall be the 4th Day after the relevant date;

(c) for each Day (to which a Meter Reading in respect of a Performance Relevant Supply Meter relates) in the relevant period:

(i) the references in Sections M5.2.1, M5.2.2 and M5.2.3 to the following Day shall be deemed to be references to the Day following the relevant date;

(ii) accordingly, in paragraph 2.4.3(c)(i)(of this Part II) the reference to 2 Days after the Gas Flow Day shall be deemed to be a reference to 2 days after the relevant date;

(iii) until the relevant Date, information (relating to Daily Read Supply Meters) provided to Users pursuant to Section E1.6.(i) will be provided on the basis in Section M4.4.2(a) (as though the Day were a Failed Daily Read Day);

(d) the expected date of submission of the Reconciliation Invoice in relation to the month or months in which the Migration Period falls will be deferred by such period (not exceeding 4 Days) as TransCo may notify to Users;

(e) no Meter Reading in relation to a Non-Daily Read Meter may be provided to TransCo on a Day in the Migration Period;

Signed for and on behalf of British Gas TransCo.

Signature: Julian Majdanski (JULIAN MAJDANSKI)

Date: 20/11/96

Name: ~~PP~~ Tony Wray

Position: Account Manager - Portfolio

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct British Gas TransCo that the above proposal be made as a modification to the network code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:

Date: (See attached facsimile copy)

Name:

Position:

The network code is hereby modified, with effect from 5/12/96 in accordance with the above Direction.

Signature:

Secretary/Modification Panel
British Gas TransCo

Modification Number 0093

Director General Of Gas Supply Response

In accordance with Condition 7(10)(b) of the Standard Conditions of Public Gas Transporters' Licences dated 21 February 1996 I hereby direct British Gas TransCo that the above proposal be proposal be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply

Signature: *Eileen Marshall*

Date: 5 December, 1996

Name: Dr. Eileen Marshall

Position: Director Regulation & Business Affairs

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
- (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.