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Joint Office of Gas Transporters
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27th January 2014

Dear Sirs,

Representation of UNC Modification 0461 – Changing the UNC Gas Day to Align with the Gas Day in the EU Network Codes

We write in response to the proposed modification of the Uniform Network Code (modification 0461) to change the UK gas day to align with the European Union Network codes.

Teesside Gas & Liquids Processing (TGLP), as owner of the Teesside Gas Processing Plant (TGPP) opposes UNC Modification 0461. Our view is that the proposed change generates significant costs to industry while potentially creating risk and uncertainty in the UK gas market for no discernible benefit to consumers or indeed the UK gas market as a whole.

In order to implement such changes as a terminal owner, it is our view that significant technical changes to our own systems (metering, allocation and other data collection systems) and those of our offshore shippers would be required. These changes would need to be individually planned, implemented and then tested to account for the widely differing age and capability of such systems. We doubt that the upstream industry has the physical capability to carry out this work such that all the systems can be switched at the same time to implement the proposed change. In parallel to the system changes, TGLP would be required to audit and amend our commercial agreements where such agreements define the Gas Day as 06:00 to 06:00. This would require significant commercial and legal time. While we have not analysed the full cost of such an exercise we support the view of industry body Oil & Gas UK in that, when extrapolated over the entire UKCS, the cost is likely to be in the order of £40-£50 million. These costs would fall onto ourselves, other terminal operators and potentially onto the upstream operators, reducing the overall tax revenue to the UK Treasury and with, as mentioned above, no demonstrable benefit for consumers or the UK gas market.

Furthermore, it is our understanding that as a modification to the Uniform Network Code, whilst such an amendment would apply to operators and users of the gas transportation system, there is no obligation on upstream operators to comply with the amendment. When faced with the

substantial cost and effort of implementing such a change (for no discernible benefit) it is unlikely that upstream owners and operators on the UKCS will be supportive. This creates the potential for a split gas day between the gas market/onshore transportation system working to an EU directed 05:00 to 05:00 day while the upstream producers remain on a 06:00 to 06:00 day with a new time interface imposed at the terminals. Our view is that this would be unworkable with the potential for significant mistakes in allocation and attribution of gas redeliveries into the onshore transportation system in the "magic hour". This would make the position of the Claims Validation Service which ensures that gas entering the onshore transportation system is allocated appropriately difficult if not impossible. If this mechanism broke down we are concerned that this would be detrimental to the operation of the UK gas market as a whole.

As the UK is the largest gas market in Europe and still the largest producer of gas we struggle to understand why such a change is necessary when the interface with the European markets has operated successfully and absorbed the UK/Europe time difference since the commencement of operation of the Interconnector and BBL pipelines. Therefore, we do not recognise that a problem exists that needs to be addressed. Accordingly we urge that an alternative approach to the one proposed in UNC Modification 461 be considered such that significant unnecessary time and cost is avoided and any adverse impact on energy consumers and the UK gas market is avoided.

Yours faithfully,



David O'Donnell
Commercial Director
Teesside Gas Processing Plant Limited