

Modification Report
Amendment to Timetable Relating to the Finalisation of End User Categories
and Demand Models
Modification Reference Number 0611
Version 1.0

This Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

Modification of the Network Code is required to provide an opportunity for Transco to issue the annual End User Category final proposals at an earlier date which would enable the "application for disapproval" and Ofgem determination deadlines to be brought forward. Currently the timetable is restricted by absolute dates which provides no flexibility if the final proposals are completed by Transco at an earlier date.

It is proposed that if Transco completes the final proposals before 15 August of each year they can be submitted to Ofgem immediately upon completion. Transco and Users would then have an opportunity, as now, for disapproval if necessary within five Business Days of the final proposals being submitted with Ofgem determination being a further five Business Days from that date. The proposed timetable is therefore as follows:

- Publication of Transco proposals by 30 June
- Users to submit representations by 15 July
- Transco review representations by 14 August
- Transco submit final proposals by 15 August
- Application for disapproval within 5 Business Days of submission of final proposals by Transco (but in any event by 22/08)
- Ofgem determination within 10 Business Days of submission of final proposals by Transco (but in any event by 31/08)
- Transco completes notification of EUCs and Supply Point AQs 14 September

2. Transco's Opinion

Transco is of the opinion that the current timetable relating to the determination of End User Categories (EUCs) should be modified in line with the proposal to introduce some flexibility into the process without removing Transco's obligation to carry out certain tasks by certain dates. The existing annual timetable is as follows :

Publication of Transco proposals	by 30 June
Users to submit representations	by 15 July
Transco review representations	by 14 August
Transco submit final proposals	by 15 August
Application for disapproval	by 22 August
Ofgem determination	by 31 August

In previous years, in operating to these timescales Transco has found that it would have been possible to allow more time to process the agreed final EUC data to meet the deadline by which all portfolios with proposed Supply Point AQs and EUC tables are issued to Users if it could have acted sooner following Ofgem's decision.

This Modification Proposal seeks to amend the current timetable to provide an opportunity for Transco to issue the annual EUC final proposals at an earlier date, but no later than 15 August of each year, which would enable the application for disapproval and Ofgem determination deadlines to be brought forward. The objectives of this Modification Proposal have been discussed and are supported by the Demand Estimation Sub-committee and the AQ Sub-group of the Supply Point and Billing Workstream.

3. Extent to which the proposed modification would better facilitate the relevant objectives

Transco believes that the measures described within this Modification Proposal are consistent with its GT Licence obligations for facilitating the economic and efficient operation of its pipeline system. This is achieved by the inherent benefit to Users and Transco of timely communication of the data concerned.

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

No such implications have been identified.

b) development and capital cost and operating cost implications:

No such cost implications have been identified.

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 does not propose any additional cost recovery.

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

No such consequences have been identified.

5. 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

Implementation of this Modification Proposal would not increase the level of Transco's contractual risk.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

No changes to Transco's systems have been identified. Transco is not aware of the impact on Users systems.

7. The implications of implementing the Modification Proposal for Users

Implementation of this Modification Proposal is not expected to adversely affect Users given that they would have the same amount of time to review Transco's annual EUC Proposals.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

No such consequences have been identified.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

The proposed new timetable will provide Transco with additional time to load the new EUC data into the system if the consultation period can be concluded earlier than the date currently stipulated in the Network Code.

Disadvantages

None identified.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Five representations from Users were received in respect of this Modification Proposal. All of the representations supported implementation.

Powergen commented in its representation "...this proposal simply improves the timetable for the issue of EUC and demand models...we are therefore happy to support this proposal because we agree the additional time should give Transco the flexibility to load the new EUC data." London Electricity Group Plc commented that "...should Transco be able to complete...final proposals earlier than the 15th August the code should be flexible enough to allow the Authority to make a decision." Further, London Electricity Group plc believed that "...implementing this proposal will speed up the End User process thereby facilitating the relevant objectives within the Network Code."

British Gas explaining its support for the Modification Proposal stated "...both Transco and Users currently have a very limited amount of time in which to make the necessary updates...This will afford the maximum time available to all parties whilst retaining an absolute requirement to submit final proposals no later than 15th August." Scottish and Southern Energy declared they had no issues with the Modification Proposal and supported "...implementation as soon as possible."

Transco concurs with the views expressed by all of the above respondents.

Innogy, further to adding its support, commented on the timetable detailed within the Modification Proposal "...the timetable proposed should read 'by 14th September' not '14 September', as if it is possible to notify shippers before this date it should be done without having to wait for a specific date". Transco's response is that it does not seek to amend the provisions of section G1.6.12. This section specifies that the notification of Annual Quantity and End User Category will be 'no later than 14 September', and is not subject to change within the remit of this Modification Proposal.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Implementation of this Modification Proposal is not required to enable Transco to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This Modification Proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the Modification Proposal

No program of works would be required as a consequence of implementing this Modification Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

The timetable detailed elsewhere within this Modification Report would be effective from June 2003.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal be implemented.

17. 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.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

19. Text

SECTION H: DEMAND ESTIMATION AND DEMAND FORECASTING

Amend Paragraph 1.9.2 to read as follows:-

“1.9 Finalisation of End user Categories and Demand Models.

- 1.9.1 Not later than 15th August in the preceding Year, Transco will submit to the Director and all Users its final proposals for End User Categories and Demand Models (and corresponding values of the Derived Factors) with such changes as it may on the basis of Users’ representations and consultation under paragraph 1.8 determine appropriate.
- 1.9.2. The End User Categories and Demand Models (and corresponding values of the Derived Factors) applicable to the Gas Year shall be those submitted by Transco under paragraph 1.9.1 unless upon the application of Transco or any User, made not later than the 5th Business Day after the final proposals were submitted, the Director shall within a further five Business Days after such date give condition 7(4) Disapproval to Transco’s applying any particular such End user Category or Demand Model (and corresponding values), in which case Transco will use the End User Categories and End User Category Demand Models applying in the preceding Year to create corresponding values of the Derived Factors and such End User Categories and Derived Factors shall then apply to the Gas Year.

Signed for and on behalf of Transco.

Signature:

Terry Grove
Service Delivery Manager
Support Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0611**, version **1.0** dated **17/04/2003**) be made as a modification to the Network Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **1.0**.

Signature:

Process Manager - Network Code
Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:
 - (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") 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 Authority 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 paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.
2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.
3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.
4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.