

Joint Office of Gas Transporters
UNC Panel, Gas Transporters,
Gas Shippers and other
interested parties

Direct Dial: 020 7901 1851
Email: Dora.Guzeleva@ofgem.gov.uk

Date: 24 September 2014

Dear Mr Jenkins

Direction to amend Final Modification report of UNC445 'Amendment to the arrangements for Daily Metered Supply Point Capacity'

On 21 August 2014, the Uniform Network Code (UNC) Panel submitted a Final Modification Report (FMR) for UNC modification proposal 445 'Amendment to the arrangements for Daily Metered Supply Point Capacity' (UNC445) for our approval.

We have concluded that we cannot properly decide upon UNC445 based on the FMR as submitted to us. We consider that the proposed legal text is inconsistent with the outcome intended by the modification proposal. In accordance with Standard Special Condition A11 paragraph 15(b)(ii) of the Gas Transporters licence, the FMR should be revised and resubmitted.

UNC445 proposes to remove the Bottom Stop Supply Point Capacity (Bottom Stop) and corresponding restrictions in the UNC which currently limit the ability of a customer to reflect reduced demand in its capacity booking.¹ UNC445 seeks to allow users to book capacity which is more reflective of actual use. We consider that the legal text set out in the FMR does not currently achieve the intent of the modification and that the defects should be addressed in order that we can properly assess if the modification better facilitates the UNC relevant objectives. It would also be useful to take the opportunity to correct any grammatical and/or formatting errors in the proposed legal text.

In summary, we direct that the FMR should be amended in order to provide additional clarity on the following points.

1. The version of the UNC text which is used as the base for reflecting these proposed changes as it appears the baseline used includes approved future changes not yet in effect.
2. Ensure that only the proposed changes to the text associated with UNC445 are shown (ie remove underlining that is not intended to form part of this modification).
3. The drafting of the definitions of the term D, the term $C_{(new)}$ and proposed paragraph 5.1.16 in the draft legal text need to be reviewed to ensure that the drafting properly reflects the intended outcomes of the proposed modification. As drafted,

¹ Under the current UNC provisions, booked capacity is currently not permitted to be less than the Bottom Stop Supply Point Capacity (Bottom Stop). This Bottom Stop is fixed based on the consumption at the supply point which is measured on the peak day within a winter period (October to May inclusive).

unintended outcomes occur where, for example, the new booked capacity is higher than the booked capacity prior to the 'Initial Capacity Reduction'.

4. The rationale for retaining reference to the Bottom Stop in the transitional arrangements text.

After addressing the issues discussed above, and revising the FMR accordingly, the UNC Panel should re-submit UNC445 to us for decision as soon as practicable. If you would like to discuss this letter please contact Lesley Ferrando on 020 7901 1808 or email lesley.ferrando@ofgem.gov.uk.

Yours sincerely

Dora Guzeleva

Head of Networks Policy, Local Grids

Signed on behalf of the Authority and authorised for that purpose