

Final Modification Report
Modification Reference Number: 0082
VLDMC Shipper Renominations - Removal of the Hour Bar

This modification report is made pursuant to Rule 7.4 of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

Under this proposal the Hour-Bar Rule at Offtake for VLDMC Shippers would be removed, thus allowing for a renomination of gas flow on AT-LINK to be effective from the next hour which will help to accommodate the timely provision of changes to gas flow information to TransCo in line with correct system balancing decisions. Renomination rules at Input will not be affected by this proposal.

This proposal will also help protect VLDMC Shippers from Network Code charges arising from late renomination of gas flow whilst encouraging Shippers to maintain strong links with the End-Users for the provision of accurate and timely information.

2. Text provided pursuant to Rule 8.14:

Principal Document, Section C

Amend paragraph 5.1.7(ii) to read:

"(ii) the Renomination Effective Time (in compliance with paragraph 5.1.12)."

Amend paragraph 5.1.9 to read as follows:

"5.1.9 A Renomination submitted to TransCo which has not been rejected (in accordance with paragraph 5.1.8):

- (i) within 60 minutes after it was submitted, or
- (ii) in the case of a VLDMC Supply Point Component or a relevant Connected System Exit Point only, by the Renomination Effective Time, if earlier

shall be deemed (but without prejudice to paragraph 5.6) to have been approved as respects paragraphs 2.4.1(i) or 3.4.1(i)."

Insert a new paragraph 5.1.12 as follows:

"5.1.12 The Renomination Effective Time of a Renomination shall:

- (i) in the case of a System Point other than a VLDMC Supply Point Component or a relevant Connected System Exit Point, be not less than 60 minutes,

- (ii) in the case of a VLDMC Supply Point Component or a relevant Connected System Exit Point, be not less than 15 minutes,

after the time at which the Renomination is submitted (and shall in addition comply with paragraph 1.10.2)."

3. TransCo's opinion:

VLDMC supply points are recognised under the Network Code for their unique nature with respect to size and impact on system balancing. Their importance is reflected by the need for regular information on site demands through the provision of Offtake Profiles from Shippers/End-Users and the requirement for on-site telemetry. The receipt of untimely and inaccurate information at TransCo System Control could have major impacts on system balancing and Shipper costs under the Network Code.

Concern has been expressed about the current renomination rules when applied to VLDMC Shippers. There is particular concern about the timeliness of accurate renominations which may not be possible at times of sudden and unexpected trips and during periods of commissioning where gas usage is less predictable. For VLDMC sites with variable loads, Shippers are reliant on information provided by the end user to evaluate the load for a given day. This information enables a Shipper to make an initial nomination and to make subsequent renominations to correspond to changes in gas flow. This information is then used by TransCo to help evaluate system performance and trigger balancing actions if necessary.

This Modification Proposal recognises the requirements for timely and accurate information flow to TransCo to ensure system balancing decisions are not compromised and VLDMC Shippers are not impacted by significant Network Code charges. Since Shippers renomination obligations on Producers normally correspond to a one hour notice of change, this Modification will not affect Renomination Rules at Input.

In the longer term, there is a need to consider the development of an option which utilises Offtake Profiles to systematically drive VLDMC renominations and the legal and system implications associated with this. TransCo are currently provided with Offtake Profile Notifications under Local Operating Procedures (LOPs). This information is updated in accordance with the applicable notice periods when changes in offtake are expected and enables TransCo to prepare for the operational actions which may be necessary as a result. The intended purpose of this long term option should offer the flexibility required for VLDMC Shippers whilst retaining the disciplines to renominate under the Network Code.

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

Unpredictable demand at Power Stations especially during commissioning, can give rise to renomination difficulties under the Network Code. This could result in the provision of untimely information to AT-LINK potentially impacting on TransCo system balancing decisions and resulting in the exposure of all Shippers to balancing costs.

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

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

This Modification Proposal would help Shippers provide more timely information on changes in VLDMC gas flow to TransCo for system balancing purposes.

b) development and capital cost and operating cost implications

TransCo is not aware of any major development implications associated with this Modification Proposal.

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:

It is not TransCo's intention to recover the costs associated with this Modification Proposal.

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

TransCo is not aware of any impacts on price regulation.

6. 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:

This Modification Proposal will better facilitate TransCo's obligations under the Network Code with the provision of more timely information from VLDMC Shippers.

7. The development implications and other implications for computer systems of TransCo and related computer systems of Relevant Shippers:

This Modification Proposal would require changes to system functionality which may impact on the current programme of UK-Link changes to functionality

8. The implications of implementing the modification for Relevant Shippers.

This Modification Proposal would help Shippers provide more timely renomination of gas flows on UK-Link in accordance with Supply Point demand changes.

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

TransCo is not aware of any impact on terminal operators, suppliers, producers and any Non-Network Code Party.

10. 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:

TransCo is not aware of any impact on the legislative and regulatory obligations on Relevant Parties.

11. Analysis of any advantages or disadvantages of the implementation of the Modification Proposal:

Advantages:

- To help accommodate the timely provision of changes to gas flow information to TransCo to facilitate potential balancing actions.
- To reduce VLDMC Shippers' exposure to potential Network Code Charges.
- To reduce VLDMC and Non-VLDMC Shippers potential exposure to charges associated with balancing actions, based on untimely information flow to TransCo.

12. Summary of the representations (to the extent that the impact of those representations are not reflected elsewhere in the modification report):

Representations were received from 5 Shippers. These representations were all supportive of the modification proposal and are attached to this Modification Report.

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

This Modification Proposal is not required to facilitate compliance with safety or other legislation.

14. Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement: furnished by TransCo under Standard Condition 3(1) of the Licence:

This Modification Proposal is not required to comply with the above clause.

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

This modification to the VLDMC renominations regime requires development of AT-Link functionality to ensure compliance with the proposed implementation timetable, whilst recognising the impact on the current release programme of UK-Link functionality.

16. Proposed implementation timetable:

It is intended that this modification proposal is implemented on 1st December 1996.

17. Recommendation for the implementation of the modification:

This modification should be implemented to better facilitate the provision of timely and accurate information to AT-Link reflecting changes in gas demands at VLDMC Supply Points.

18. TransCo Proposal

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

Signed for and on behalf of British Gas TransCo.

Signature:

Date: 7th November 1996

Name: Chris Train

Position: Energy Balancing Manager

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:

Name:

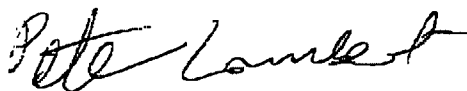
Position:

Modification Proposal 0082**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 made as a modification to the Network Code.

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

Signature:



Date:

14 November 1996

Name: Dr Eileen Marshall

Position: Director, Regulation & Business Affairs

ANNEX 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 approve the Agreement as aforesaid then the following clause shall apply:

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.