

Dear Colleague,

Teleconference Agenda: Pre-Modification Panel Briefing
Documentation at: www.gasgovernance.co.uk/panel/15/10/15
Teleconference details: 0207 950 1251, access code 21870295#

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at 13:00 on **Monday 12 October 2015**. Discussions will be based on the Modification Panel agenda (www.gasgovernance.co.uk/panel/15/10/15).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held on the Monday prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

New Modifications

Modification 0520A – Performance Assurance Reporting

Proposed by Eon

This modification proposes alternative reports to that specified in Modification 0520.

The Proposer is not seeking self-governance status for this modification.

Modifications 0557 and 0558 were deferred at the September Panel and will be re-presented at the October meeting.

Modification 0557 – Notice Period for Changes to Transportation Charges resulting from Uncertain costs allowed expenditure - financial adjustments

Proposed by Eon

This modification proposes to introduce a notice period for changes to Transportation Charges related to “Uncertain costs allowed expenditure” to allow a clear formula year (after Ofgem approval of any such amended revenue) before charges are changed. It is believed this will improve shippers’ ability to price future contracts with lower risk premiums relating to unknown costs, ultimately to the benefit of consumers.

The Proposer is not seeking self-governance status for this modification.

At September’s meeting, Panel heard that 0557 could conflict with the Transporter Licence and requested an Ofgem view on this matter before deciding how to proceed.

<http://www.gasgovernance.co.uk/0557>

Modification 0558 – Standardisation of Industry Payment Terms

Proposed by npower

This modification proposes to standardise existing 12- and 20-days payment terms described in UNC TPD Section S to 30-days, which is said to be consistent with many industry norms.

The Proposer is not seeking self-governance status for this modification.

At September's meeting, Panel heard concerns about the breadth of hidden impacts of 0558 and requested that the proposer work with Transporters and other industry colleagues to develop the proposal more fully before deciding how to proceed.

<http://www.gasgovernance.co.uk/0558>

Modification 0559 – Correction of a minor legal text reference related to Information Provision changes

Proposed by National Grid NTS

The Legal Text for Modification 0489: EU Balancing Code - Information Provision was correctly based upon that produced for Modification 0432: Project Nexus Gas Demand, Estimation, Allocation, Settlement and Reconciliation reform, which was originally expected to be implemented first. This modification proposes to correct a minor inconsistency introduced as a result of the deferral of Project Nexus.

The Proposer is seeking fast-track self-governance status for this modification.

Modification 0560 – Addressing the under-allocation of flows from BBL arising from misalignment of reference conditions

Proposed by Gas Terra

The EU Interoperability Code requires harmonisation of reference temperature conditions at 0/25 (0°C for volume/25°C for CV) at Interconnection Points, whereas the commercial operation of the NTS is carried out using 15/15 (15°C for volume/15°C for CV) reference conditions. Modification 0519: Harmonisation of Reference Conditions at Interconnection Points introduced the necessary changes into the UNC effective from 01 April 2016*, however BBL (the operator of the Netherlands-UK interconnector) have implemented their systems changes on 01 October 2015. This modification proposes to enable a reconciliation payment to Shippers who will lose the value of their gas as a result of misalignment of reference conditions between BBL and the NTS.

The Proposer is not seeking self-governance status for this modification.

** Please see also Modification 0562 below, which seeks to amend this date.*

Modification 0561 – Amendment to the oxygen limit within the BBL / NTS Interconnection Agreement

Proposed by National Grid NTS

This modification proposes to enable a change to the Interconnection Agreement between BBL Company and National Grid NTS to accommodate a recent legislative change in the Netherlands regarding the way oxygen limits are specified. Instead of the existing instantaneous oxygen limit in parts per million (ppm), BBL are now required to operate to a daily average value (also in ppm) and compliance with this may cause gas to be rejected at Bacton. Both parties have indicated that they see little risk in this technical amendment and confirm that this is within the requirements of the UK Gas Safety (Management) Regulations.

The Proposer is seeking self-governance status for this enabling modification.

Modification 0562 – Amendment to the Effective Date of Modification 0519 ‘Harmonisation of Reference Conditions at Interconnection Points’

Proposed by National Grid NTS

This modification proposes to align the UNC with the actual implementation date of the systems to be delivered for 0519 that are part of a package of EU-related changes. The original implementation date of 01 April 2016 was the expectation at the time 0519 was implemented but this has been revised to 01 May 2016 now that full extent of EU-related changes have been determined. This remains compliant with the effective date of the EU Interoperability Code, which was the driver for 0519.

The Proposer is seeking fast-track self-governance status for this modification.

Implementation Recommendations

Modification 0539 – Removal of NTS Exit Commodity Charges for Distributed Gas

At present, Transmission exit commodity charges are applied in respect of all gas offtaken at Distribution Supply Points. Gas entered through Distributed Gas entry points (such as localised biogas sources) does not necessarily use the Transmission system and the proposer considers that Transmission Exit commodity charges should not apply to such gas offtaken within the same Distribution Network. The most practical means of achieving this change is to continue to apply the Transmission Exit commodity charges in respect of all gas offtaken at Distribution Supply Points but to provide a rebate at the Distributed Gas entry point equivalent to the level of the Transmission Exit commodity charges.

For information, a similar proposal, 0508 Revised Distributed Gas Charging Arrangements, was withdrawn in October 2014 by its proposer (see <http://www.gasgovernance.co.uk/0508>).

The consultation for this modification closes on Thursday 08 October; responses will be highlighted on the call on Monday.

Panel members will be asked whether consultation responses have raised any further new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0539>

Self Governance

Modification 0545S – Changes to GDN Mod 186 Publication Dates

This modification proposes to amend the publication dates for the Gas Distribution Network’s quarterly reporting under Modification 0186, which set out GDN’s revenues and costs to assist Shipper’s own financial planning. Introducing a slight delay to the reporting would enable more use of actual costs rather than forecasts.

The consultation for this modification closes on Thursday 08 October; responses will be highlighted on the call on Monday.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

<http://www.gasgovernance.co.uk/0545>

I hope this summary is helpful.

Regards,

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UNC related documents can be accessed via our website:
www.gasgovernance.co.uk