Draft Modification Report
Proposal to insert obligations to process data received from iGTs in line with the requirements as outlined within Annex A of the Connected System Exit Point (CSEP) Network Exit Agreement (NExA)
Modification Reference Number 0083

Version 1.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 9.6.

1. The Modification Proposal

Management of the large Transporter and iGT relationship is governed by the Connected System Exit Point ("CSEP") Network Exit Agreement ("NExA"), with the relationship between the CSEP User and the appropriate Gas Transporter governed by the relevant Network Code. iGTs are required under the terms of the CSEP NExA to submit timely updates to large Transporters to allow them to calculate output quantities, the proportion of transportation costs relating to large Transporters, to facilitate the reconciliation of Larger Supply Points as obliged under the terms of the UNC and to perform an AQ Review for all Larger and Smaller Supply Points, the procedure following the same process and timescales as those applied by large Transporters in accordance with the UNC .

Although the contractual terms of the CSEP NExA outline in certain circumstances the timing and method for provision of data and the responsibilities of each party involved, no direct reference to the requirements to process this data is currently present within the UNC.

The intention of this Modification Proposal is to insert into the UNC a requirement for Transporters to process data received from iGTs in a timely manner. The proposed processing of data received and the required timescales are as follows:

Supply Point Classification

Large Transporters should be required to keep iGTs informed in a timely manner of the development of End User Categories (EUC) for each Gas Year for which they are applicable.

All Logical Meter Number (LMN) AQ updates (as a consequence of AQ Review) are required to be issued by individual iGTs to Large Transporters by the 10th business day prior to 1 October in each year. Large Transporters should be obliged to process the resulting data received within 2 Business Days of receipt.

AQ Updates

IGTs are required to perform LMN AQ Updates on a weekly basis. Large Gas Transporters should be required to validate data received and either reject or process the data received within 2 Business Days of receipt.

It is proposed that no amendment to the frequency and timing of these updates should be permitted without prior consultation with CSEP Users and approval by Ofgem, via the UNC Modification process.

I&C NDM Reconcilations

On each occasion when a Valid Meter Reading is received by the iGT (in respect of a larger NDM Supply Meter Point) within 30 days of such receipt, the iGT is obliged to inform large Transporters of the corrected volume in m3 (calculated by use of the Valid Meter Reading) for an identified period of time. Following the receipt of corrected volumes from iGTs, large Transporters should be obliged to acknowledge receipt of data received within 2 Business Days of receipt.

This Modification Proposal has been raised in order to introduce within the UNC requirements for Large Transporters to process data received from iGTs in relation to AQ Updates and I&C Reconcilation values in a timely manner. Failure to implement this Modification would result in continued risk for CSEP Users that data received from iGTs will not be processed in a timely manner.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

The Proposer believes Implementation of this Proposal should help to ensure that the iGT related AQ Updates and I&C Reconcilations are processed in a timely manner. Implementation would therefore be expected to ensure that costs were appropriately allocated between Users, and so better facilitate the securing of effective competition between relevant Shippers.

3. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

Implementing this proposal should not have any effect on security of supply, operation of the Total System, or industry fragmentation.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal , including

a) implications for operation of the System:

No implications for operation of the system have been identified.

b) development and capital cost and operating cost implications:

No development and capital cost and operating cost implications have been identified.

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

No cost recovery mechanism is proposed.

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

No such consequences on price regulation have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequences have been identified.

6. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

No systems implications have been identified.

7. The implications of implementing the Modification Proposal for Users, including adiministrative and operational costs and level of contractual risk

No such implications have been identified.

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

Connected System Operators would need to consider the changes needed to ensure continued compliance with their revised NExA once revised as envisaged in the Proposal.

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non 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

- improved data processing

Disadvantages

- none identified

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

Written representations are now invited.

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

Implementation is not required to enable each Transporter to facilitate compliance with safety or other legislation.

13. The extent to which implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

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

No programme of works would be required as a consequence of implementing the Modification Proposal.

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

Proposed Implementation Date: 1 October 2006, or later if necessary to coincide with implementation of related Modification Proposals to iGT Network Codes

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

19. Text

To be inserted into section J6 of TPD

[ ] Where the Connected System Operator is a Gas transporter

[ ] the Transporter shall

[ ] keep the Connected System Operator informed in a timely manner of the development of the End User Categories applicable to that Connected System Operator for each Gas Year;

[x] process data received from the Connected System Operator in connection with the Connected System Annual Quantity annual Update procedure for existing CSEP Users with logical meters within 2 Business Days following receipt;

[y] validate data received from the Connected System Operator in connection with logical meter number Annual Quantity weekly updates and either reject or process it within 2 Business Days following receipt; and

[ ] acknowledge in writing to the Connected System Operator receipt of data received from the Connected System Operator pursuant to clauses [x] and [y] within 2 Business Days following receipt;

[[ ] For the purposes of paragraphs [x] and [y], to "process" data means analyse and review the data received and carry out the relevant calculations in respect of it.]

[ ] Any proposal by the Transporter to amend the frequency or timing of the logical meter number Annual Quantity updates required from the Connected System Operator shall be deemed to be a proposal to amend the Transporter's Network Code and shall be subject to the Modification Rules.

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report

Subject Matter Expert sign off:

I confirm that I have prepared this modification report in accordance with the Modification Rules.

Signature:

Date:

Signed for and on behalf of Transporters.

Tim Davis
Chief Executive, Joint Office of Gas Transporters

Signature:

Date:

