

Development Work Group Terms of Reference
Revised DN Interruption Arrangements
Modification Reference Number 0090

Version 1.3.

Purpose

A Uniform Network Code Development Work Group is required to consider and help develop a revised Distribution Network interruption regime whereby the offtake of gas from Distribution Networks at a Supply Point is subject to interruption on the Transporter's instruction for transportation purposes.

Background

Discussions on reform of DN interruption arrangements have been ongoing for some time. However, in May 2006, Ofgem issued a consultation document "Initial thoughts on the reform of interruption arrangements on gas distribution networks". In that document, Ofgem set out its concerns regarding current interruption arrangements, including the following perceived weaknesses:

- DNs' lack of control over the amount and location of interruption services
- Too much interruption; increasing costs for customers
- Poor long term investment signals for DNs preventing economic and efficient trade-offs being made between investing in own network and booking NTS offtake capacity
- Lack of flexibility in interruption products and services available to shippers

Ofgem also set out principles for reform, suggesting new arrangements should:

- Allow DNs to determine the amount and location of interruption services
- Provide efficient investment signals
- Reduce the scope for undue discrimination
- Promote competition in the provision of interruptible services

Modification Proposal 0090 proposes a framework that has been designed to address these concerns and meet the above objectives as far as the UNC is concerned. It seeks to modify the existing DN interruption arrangements within the UNC and replace them with arrangements which allow DNs to determine the quantity and location of interruption they require on their networks whilst allowing Users more flexibility in terms of the services and discounts that they can bid to provide.

At the Modification Panel meeting on 20th July 2006, the Panel agreed that Modification Proposal 0090 should proceed to Development Work Group prior to consultation.

Scope

Implementation of revised DN Interruption arrangements is likely to involve change in a number of areas other than the UNC – for example GT Licence modification and changes to Transportation Charging Methodologies. The scope of the Development Work Group is limited to modification of the UNC. It is intended that the Development Work Group should review Modification Proposal 0090 and the associated Business Rules and develop detailed arrangements covering the areas and processes listed below. Any arrangements between Shippers/Suppliers and end users that envisage interruption, for example for commercial reasons, are outside the scope of the Work Group and Modification Proposal 0090.

- DNs notifying their interruption requirements
 - Locational details [Details to be developed by DNs outside the Work Group]
 - Charging methodology [Details to be developed by DNs outside the Work Group]
- Interruptible criteria and application process
- Shipper tendering process (annual and any within year requirements)
- DN selection process and criteria
- Interruption notice
- Arrangements relating to failure to interrupt
- Revisions to Supply Point Registration
- Arrangements for switching from firm to interruptible and vice versa
- Partial interruption services and IFAs
- Impact on emergency arrangements
- New Supply Points
- Transitional arrangements
- Interaction with NTS
- Information – publishing and transparency.

Deliverables

It is envisaged that the output from the Development Work Group will be a set of Business Rules supporting a refined UNC Proposal that can proceed to consultation. The Group will help identify:

- Changes that are required to the Uniform Network Code
- Associated changes required to processes and procedures

The Development Work Group will not be required to identify and consider changes required to the Transporter's systems. It is envisaged that this work will be carried out by xoserve. However the Work Group is expected to help identify where there is likely to be an impact on Transporter and other systems.

Composition

The Development Work Group will comprise the following membership:

Name	Organisation
John Bradley (Chair)	Joint Office
Lorna Dupont (Secretary)	Joint Office
Mark Freeman (Proposer)	National Grid Distribution
Julie Cox	AEP
Mitch Donnelly	BGT
Helen Bray	CIA
Nick Wye	Corona Energy
Stefan Leedham	EDF Energy

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Christiane Sykes	EON UK
Phil Broom	Gaz de France ESS
Tim Davis	Joint Office
Eddie Proffitt	Major Energy Users Council
Bethan Winter	National Grid Distribution
Phil Brown	National Grid Distribution
Nigel Sisman	National Grid NTS
Martin Kew	Northern Gas Networks
Robert Cameron-Higgs	Northern Gas Networks
Lewis Hodgart	Ofgem
Samanta Padalino	Ofgem
Hydreace Ali	RWE Npower
Pete Ratledge	RWE Npower
Beverley Grubb	Scotia Gas Networks
Jeff Chandler	SSE
Shelley Rouse	Statoil
Gareth Evans	Total Gas and Power
Liz Spierling	Wales and West Utilities
Martin Baker	xoserve

A Work Group meeting will be quorate provided representatives from two Transporters, two Users, and one Consumer group are present. Meetings will be administered by the Joint Office and conducted in accordance with the Chairman's Guidelines.

Timetable

The first meeting of the Group is planned for 3 August 2006. Initially it is intended that meetings will be held fortnightly but this will be subject to review and potential change by the Development Work Group.

It is intended that Work Group development will finish on 5 October 2006 and a Development Work Group Report prepared for the UNC Modification Panel on 19 October 2006. At this point it is intended that the Panel will agree a consultation timetable and that a Draft Modification Report will be issued for consultation by 26 October 2006.