

CODE MODIFICATION PROPOSAL No. 0110
"Amendment of Px's Network Entry Agreement"
Version 1.0

Date: 8th September 2006

Proposed Implementation Date: 1st November 2006

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

With the recommendation of the Transmission Workstream, the Proposer requests that this Proposal proceeds direct to consultation with a 5 day consultation period.

Nature and Purpose of Proposal (including consequence of non implementation)

Px (Teesside Gas Processing Plant) Limited ("Px") are one of the delivery facility operators at the Teesside Aggregate System Entry Point (ASEP).

Excelerate Energy are in the process of installing an LNG gasification shipping operation to deliver additional volumes of gas into the Px sub-terminal which are planned to commence in the middle of this coming winter. A new metering installation is required at the sub-terminal for the Excelerate connection which will be combined with the existing Px metering system to produce an new consolidated metering package for the Px sub-terminal.

These works require that some technical parameters of Px's Network Entry Provisions (NEPs) relating to the metering system be amended.

Px's NEPs are contained within its Network Entry Agreement (NEA). It is therefore proposed that certain references in Schedule 4 – Measurement Provisions of Px's NEA are amended as follows:

Parameter	Present Permitted Range	Revised Permitted Range
Volume Flow Rate (CM/hour)	0 – 600,000	0 – 1,400,000
Energy Flow Rate	0 – 240,000 MJ/hour	0 – 55,000 GJ/hour
Instantaneous standard volume flow rate (MSCM/day)	0 – 14.4	0 – 32.0
Instantaneous energy flow rate (TJ/day)	0 – 576	0 – 1,250
Integrated standard volume flow (MSCM/day)	0 – 14.4	0 – 32.0
Integrated energy flow (TJ/day)	0 – 576	0 – 1,250

Section I2.2 of the UNC Transportation Principal Document provides that the prevailing NEPs at a System Entry Point (SEP) may only be amended either with the written consent of all Users who hold NTS Entry Capacity at the Aggregate System Entry Point (ASEP) in which the relevant SEP is comprised or by way of a Uniform Network Code Modification. The Proposer wishes to effect this proposed change to Px's NEA by implementation of this Proposal.

If this Proposal is not implemented, certain of the metering parameters in Px's NEA will become incorrect which may hinder the delivery of additional gas supplies to the UK, to the detriment of security of supply.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

In the Executive Summary of its Winter 2006/7 Consultation Document, National Grid NTS states that, "the supply-demand outlook for 2006/07 is particularly uncertain, and it is not clear at this stage whether the position will be more or less tight than it was in 2005/06". Following the receipt of responses to that consultation, in its update document issued in July 2006, National Grid NTS stated that, "a high degree of uncertainty remains, with a wide range of possible outcomes around the revised base case."

Against this background, the proposed changes at the Px sub-terminal at Teesside are capable of enhancing the UK's security of supply for this winter, subject to timely completion of the necessary technical and commercial changes. As a result of the proposed change, Px's approximate supply capability at Teesside is expected to increase by up to 12 mscmd, which this Proposal directly seeks to facilitate.

Such enhanced supply capability is expected to better facilitate the securing of effective competition between relevant shippers and between suppliers and should

also help to mitigate the risk of excessive gas prices this winter, thereby better facilitating the efficient and economic operation of the pipe-line system.

Any further information (optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

a. Proposed implementation timetable

7 th Sept 2006	Draft Modification Proposal discussed at Transmission Workstream
8 th Sept 2006	Raise Modification Proposal and submit to Modification Panel recommending that the Proposal proceeds direct to consultation with a 5 day consultation period.
21 st Sept 2006	Modification Panel decision.
27 th Sept 2006	Issue Draft Modification Report for consultation
4 th Oct 2006	Close out of representations
11 th Oct 2006	Submit Final Modification Report to Modification Panel
19 th Oct 2006	Modification Panel recommendation
1 st Nov 2006	Ofgem decision
November 2006	Amend Px's NEA.

b. Proposed legal text

Implementation would be effected by a modification to the text of Px's NEA, therefore legal UNC text is not required.

c. Advantages of the Proposal

Implementation of this Proposal would contractually recognise the potential for higher flow rates through the Px sub-terminal at Teesside, which National Grid NTS believes would both enhance security of supply and mitigate the risk of excessive gas prices this winter.

d. Disadvantages of the Proposal

National Grid NTS is unaware of any disadvantages.

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

National Grid NTS believes that this Proposal, if implemented, would enhance security of supply by facilitating additional volumes of gas to flow into the Total System.

National Grid NTS is unaware of any implications connected with industry fragmentation.

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

i) implications for the operation of the System

Reconfiguration of the gas telemetry system for new signals and increased flow parameters will be required, together with full end to end testing of signals.

National Grid NTS is unaware of any implications for other Transporters of implementing the Proposal.

ii) development and capital cost and operating cost implications

No development, capital or operating costs are expected to be incurred by Transporters or Users as a consequence of implementing this Proposal.

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

National Grid NTS does not believe that this Proposal, if implemented, requires it to recover any additional costs.

iv) analysis of the consequences (if any) this Proposal would have on price regulation

National Grid NTS does not believe that this Proposal, if implemented, would have any consequences on price regulation.

g. 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

National Grid NTS considers that implementation of this Proposal would have no effect on the level of contractual risk of each Transporter.

- h. 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**

National Grid NTS does not envisage any impact on the UK Link System if this Proposal were to be implemented.

- i. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

National Grid NTS considers that implementation of this Proposal will not affect the administrative and operational costs of Users, nor their level of contractual risk.

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

National Grid NTS considers that this Proposal will impact the Px sub-terminal operator but none of the above groups in generality.

Code Concerned, sections and paragraphs

UNC Transportation Principal Document, Section I2.2

Proposer's Representative

Phil Hobbins (National Grid NTS)

Proposer

Chris Logue (National Grid NTS)

Signature

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