

**Modification Report**  
**Provision of Demand Information to Meet the 14:00 Total System Demand**  
**Forecast**  
**Modification Reference Number 0123**  
Version 2.0

This Modification Report is made pursuant to Rule 10 of the Modification Rules and follows the format required under Rule 9.6.

**Circumstances Making this Modification Proposal Urgent:**

In accordance with Rule 10.1.2 Ofgem has agreed that this Modification Proposal should be treated as Urgent because it considered that the proposal is linked to both:

- A specific date related event; being the revised implementation date for UNC100; and,
- A real likelihood of significant commercial impact upon GTs, Shippers or Consumers if the proposal is not granted urgency.

**Procedures Followed:**

The procedures agreed with Ofgem for this Proposal are:

Ofgem grant urgent status	07/11/06
Proposal issued for consultation	07/11/06
Close out for representations	10/11/06
Final Modification Report to UNC Modification Panel	14/11/06
UNC modification panel recommendation	16/11/06
Ofgem decision expected week commencing	27/11/06
Implementation date (subject to Ofgem's decision)	04/12/06

**1. The Modification Proposal**

The Proposer believes that the implementation of *this* Modification Proposal would provide a more economic and pragmatic solution to provision of accurate and timely demand information for inclusion in the NTS 14:00 (D-1) Total System Demand Forecast ("TSDF").

*"A more pragmatic solution could have been to extend the current obligation on DNOs to submit day-ahead forecast demand information to NTS in time for the 14:00 Total System Demand Forecast on to direct connects. It is conceivable that the direct connect demand forecast could be submitted in the form of an OPN if that was the most convenient format to transmit the information."*

Drawing on our representation to Modification 100, (an extract of which is printed above), our proposal is as follows:

**Proposal:**

**a) Background**

As stated in our representation, we believe the timing of information flows (pre-Modification 100) between each DNO and NTS currently operate optimally.

### **D-1 Control Room Procedures:**

- DNOs receive weather forecast data from the Metrological Office (typically) by 12.00
- DNOs process the data into an offtake forecast (LDZ level) and submit to NTS by 13.00 (typically) by 12.45
- NTS correlate LDZ demand with their own forecast to produce the 14.00 TSDF (typically) by 13.30
- DNOs provide 18:00 OPNs (Offtake level) to NTS in accordance with Offtake Arrangements Document requirements

### **For other offtakes, on D-1**

- Shippers provide DM Output Nominations in accordance with UNC TPD Section C1.2 by 13.00.
- NTS Connected System Operators and Storage Facility Operators provide Offtake Profile Notifications, (“OPNs”) in accordance with the NExA / SCA agreements on behalf of the shippers for which they are acting depending on the specific terms of the agreement, but significantly the requirement allows submission after the 14:00 TSDF.

## **b) The Change**

### **Shippers**

To align shipper obligations with the needs of transporters, we propose that a requirement is placed on shippers at NExA / SCA exit points to secure the compilation and submission to the relevant transporter by 12.00 (D-1) of daily offtake information, aggregated to exit point level. We appreciate this requirement would amend connection agreement terms and require the amendment of agency agreements but a similar back-to-backing of arrangements will be required to implement Modification Proposal 100. For the avoidance of doubt, the information required from these large connected loads / systems would be the predicted end of Day Offtake Quantity submitted as a single figure in MWh. This submission would be referred to as a Summarised OPN (“SOPN”). We do not believe that at this stage in the information transfer process there is a requirement to break-down daily offtakes into hour-bars but recognise that the “OPN format” may be the most convenient format for the submission of the information for some operators.

### **DNOs**

Following receipt of the LDZ SOPNs, DNOs would provide aggregate LDZ daily offtake notifications in the agreed format and by 13:00 (typically 12.45), in accordance with current practice.

The aggregate LDZ offtake notifications plus the NTS SOPNs would then be used by NTS to compile the 14:00 TSDF.

It is proposed that DNO OPNs would continue to be submitted by DNOs to NTS, in the form described in the OAD, by the cut-off time specified in the OAD, which is by 18:00 on D-1 and then these would be updated through D-1 and D.

The net effect of this modification would be to **replace** the Modification 100 universal requirement for all Users to provide Offtake Profile Notices in advance of the 14:00 TSDF with a requirement to submit Summarised OPNs and aggregate LDZ offtake information, (depending on the type of offtake). We believe this is appropriate given that OPNs contain nodal offtake and flow information at a level of detail not required to produce the 14:00 TSDF. We acknowledge that the timescales for Shippers and DNO's submissions differ, but we believe this is inevitable as the shipper information is a component of the DNO information and, hence, sequential timing is necessary.

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

The Proposer believes that implementation of this Proposal would further facilitate the achievement of the Relevant Objectives specified in Standard Special Condition A11, "*the efficient and economic operation of the pipe-line system*", (A11.1 (a)). This would be achieved because NTS would have the processes in place to provide a TSDF using the most up-to-date and accurate information at minimum cost to the information providers. As stated in its representation, the Proposer highlights that the provision of high level information by all parties ensures a streamline process for producing the 14:00 TSDF thereby providing efficiencies across both Distribution and Transmission networks, fulfilling the requirement in SSCA A11.1 (b).

In its representation, the Proposer suggests that by using existing processes for DNOs, and a simplified submission mechanism for NExA and SCA governed offtakes, it believes that this Proposal also provides for the efficient implementation of UNC obligations.

NGN, SGN, STUK and WWU agree with the Proposer that implementation will satisfy the relevant objectives outlined within the Proposal.

EDF disagree with the Proposer - they believe this Proposal would have a negative impact on achieving the relevant objective specified in Standard Special Conditions (SSC) A11.1 (a) – the efficient and economic operation of the pipeline system – and SSC A11.1 (c) – the efficient discharge of the licensee's obligations in relation to security of supply.

RWE do not believe the Modification Proposal better facilitates the achievement of the Relevant Objectives with regards to the efficient and economic operation of the pipe-line system, the co-ordinated, efficient and economic operation of the combined pipe-line system and/or the pipe-line system of one or more other relevant gas transporters and the promotion of efficiency in the implementation and administration of the uniform network code.

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

The implementation of this Proposal should not have any adverse effect on security of supply, or industry fragmentation. The Proposer suggests implementation could improve the operation of the system.

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

**a) implications for operation of the System:**

No specific implications for operation of the system have been identified in responses, although the Proposer suggests implementation could improve the operation the system.

**b) development and capital cost and operating cost implications:**

BGES believes that Modification Proposal 0123 “*will provide more accurate information than Modification Proposal 0100 and within the time frames required without the need for major cost in the alteration of existing systems and adjustments to legal agreements in place*”.

The Proposer believes “*that implementation of this Proposal would achieve the benefits brought about by the implementation of Modification 100 without increasing costs for gas transporters*”.

SGN believes that as this Proposal “*builds on existing processes and systems there would be no significant costs incurred in implementing the envisaged arrangements and implementation could take place almost immediately*”.

**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**

The level of contractual risk for DNO transporters would be reduced. A significant driver for this Proposal was to remove the obligation for DNOs to provide OPNs at the time of the demand forecast. While DNOs had concerns about the need for this information they also had concerns about being able to provide it. The Proposer believes that implementation would not affect the level of contractual risk of National Grid NTS.

**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 UK Link or related systems implications have been identified.

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

BGT are of the view that the contractual difficulties referenced in their response to Modification Proposal 0100 remain.

*EON “believe that this particular Proposal should have been considered and raised by the Proposer at a much earlier stage in the modification process and such late notification introduces unnecessary financial and system enhancement burdens on Shippers”.*

*NG NTS acknowledges that “Modification Proposal 0123 represents an alternative approach to providing information to inform the D-1 14:00 forecast that will be easier and less costly to implement from a DN point of view. However, NG NTS would encourage all parties who are able to, to submit full OPNs rather than the option of summarised OPNs as this will save them from needing to submit a later OPN (assuming that the offtake prediction is unchanged) and is more compatible with control room systems. In particular all parties are encouraged to submit their OPNs in electronic format using the recently introduced functionality to communicate directly with NTS systems. NG NTS believe that this will lead to efficiency savings both for NG NTS and the connected parties”.*

*SGN highlights that “whilst some changes would be required to internal processes.....SGN does not believe the impact would be significant”.*

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

See section 9

**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**

The Proposer has confirmed that Shippers will be required to put in place arrangements to procure the demand information required from NExA / SCA offtakes, although the information required for compliance will be at a much higher level than that required by Mod 0100.

## 10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

### Advantages

Adoption of the pre-Modification 0100 OPN submission timetable for DNOs will optimise the demand forecasting process and meet the requirements of NTS without triggering unnecessary investment.

Simplification of the demand / new SOPN submission rules for NExA / SCA exit points will reduce the impact on these parties of the implementation of Modification 0100 without degrading the quality of the information submitted to transporters. In particular, if the recently introduced electronic OPN submission facility is utilised further efficiency savings are possible.

SGN suggests that this Proposal “*requires shippers to provide end of day offtake forecasts for those sites with NExAs or Storage Connection Agreements to DNs by 12:00 D-1*”. “*SGN believes this could further improve the accuracy of LDZ forecasts to be provided by DNs to NTS to feed in to the 14:00 Total System Demand Forecast*”.

### Disadvantages

- Co-ordination will be required to ensure individual nominations are validated between buyers and sellers to ensure flow nominations are accurate.
- The obligation for multiple shippers at LDZ connected exit points to provide an aggregate offtake could not be achieved without appointing an agent.

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

Representations were received from the following parties:

<b>Organisation</b>	<b>Abbreviation</b>	<b>Position</b>
Bord Gais Energy Supply	BGES	Supports
British Gas	BGT	Supports
Edf Energy	EDF	Not in Support
E.ON UK	EON	Not in Support
National Grid Transmission	NG NTS	Supports
National Grid Distribution	NG UKD	Supports
Northern Gas Networks	NGN	Supports
RWE Trading	RWE	Not in Support
Scotia Gas Networks	SGN	Supports
Scottish & Southern Energy	SSE	Supports
Statoil UK	STUK	Supports
Total Gas & Power Limited	TGP	Not in Support
Wales & West Utilities	WWU	Supports

The SME would like to highlight that many of the representations make references to Modification 0100. Modification 0100 has been approved by Ofgem and the Proposer confirms that this Modification Proposal 0123 seeks to further the relevant objectives over and above the base-line established by 0100.

BGT believes that this Proposal *“represents only a marginal enhancement over the current (post 0100) baseline, since the benefits under this proposal appear to be restricted to large DN connected loads which are relieved of the obligation brought about by 0100”*.

BGT remain of the view that neither Modification 0100 nor Proposal 0123 will *“result in any significant improvement in the quality of information available to National Grid NTS from which to forecast system demand”*.

EDF highlight numerous concerns and *“believe there could be a simpler solution to creating the concept of a new Summarised OPN (SOPN) and altering the times that GDNs have to submit OPNs, by bringing forward the DN connected DM submission time for OPNs to D-1 10.00. EDF confirm they have the systems in place to fulfil this requirement, and believe other Shippers have the ability to do likewise”*.

EDF believe that the Proposal suggests that the *“GDNs would be required to continue to produce their demand information and OPN notices separately, when in fact it would appear that demand information would be a function of OPN construction”*. The Proposer has clarified that the LDZ demand is not a function of OPNs, rather it is the product of weather data and demand information, which is then disaggregated to offtake level to provide OPNs.

EDF has asserted that the Proposal creates the concept of a new SOPN to be submitted by D-1 12:00 to replace the requirement for an OPN to be provided by Shippers. The Proposer has confirmed that the SOPN is in addition to the OPN which should continue to be submitted in line with existing connection agreement timescales.

EON urges *“Ofgem to delay implementation of Modification 0100 by a further two months and to revise the urgent timetable for Modification Proposal 0123 to schedule in Transmission Workstream discussion. This would allow adequate debate of this new Proposal and its interaction with Mod 0100 and associated timescales”*.

NG NTS *“support the aims of Proposal 0123 and believe it to represent a pragmatic solution to the potential difficulties that UNC 0100 causes the DNs”*. NG NTS goes on to note the new information and its timings and asserts *“this is later than the 12:30 time required under UNC 0100 and is likely to lead to a delay in the publication of our total demand forecast when compared to typical current publication time of approximately 13:00, we will remain compliant with our UNC obligation and continue to provide a forecast by 14:00 and are therefore able to support the change in timings”*.

SSE and WWU also believe that implementation would provide a more economic and pragmatic solution to provision of accurate and timely demand information for inclusion in the NTS D-1 1400 demand forecast.

RWE express numerous concerns about the Proposal. As a result RWE *“do not believe that the Modification Proposal should be implemented and to the extent*

*that DNOs are unable to comply with Modification Proposal 0100 as a consequence, further consideration should be given as to how information currently provided by shippers to National Grid NTS can be disseminated to DNOs (in the event this will help them to improve their LDZ forecasting capabilities). Alternatively if it is possible to exempt DNOs in some way from providing OPN data for end user and storage exit points on their network, this should be considered”.*

*STUK “agree with the Proposer that the hour bar information is not required at this stage and by using aggregated end of day flows the NTS would be able to meet its 14:00 forecast, without degrading the quality of the information submitted to the transporters, reducing some of the impacts identified with the implementation of mod 0100. NExA and SCA exit points providing a 12.00 D-1 end of day forecast is a more efficient means for the NTS to collect the data needed for the 14.00 Total System Demand Forecast and at a minimum cost to the information providers, resulting in improved forecasts (compared with those potentially available under mod 0100) and improving the efficient and economic operation of the pipeline system”.*

TGP expressed concerns regarding Modification Proposal 0100. TGP *“do not believe that Modification 0123 will resolve the issues raised, and will create the further issue of inconsistency between information provided by system operators and directly connected sites”.* TGP believe *“Shippers, who have given stronger indications of system requirements, may be placed at a disadvantage in the event of system constraints. In order to avoid this issue, all Users need to be treated equally as was recognised by Modification 0100”.*

SGN believes that this Proposal makes the distinction between operational and forecasting requirements in that *“operational requirements need information to be at offtake level”* SGN does *“not believe this is necessary in order to forecast”.*

*“SGN believes that Modification Proposal 0123 provides a pragmatic and efficient means of addressing the needs of National Grid NTS, identified under Modification Proposal 0100”.*

**12. The extent to which the 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 the 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, by Transporters, as a consequence of implementing this Modification Proposal. The consequences for other information providers is similar to that required by the implementation of Modification 0100, although the quantity of information to be provided is much reduced.

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

BGES would support the Proposer's suggestion of implementation of Modification Proposal 0123 at the same time as Modification 0100.

**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**

At the Modification Panel meeting held on 16 November 2006, of the 8 Voting Members present, capable of casting 10 votes, 8 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

**18. Transporter's Proposal**

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

## 19. Text

### **TPD Section J**

*Amend paragraph 4.5.1 to read as follows:*

“4.5.1 In relation to a relevant System Exit Point:

- (a) a notification ("**Offtake Profile Notice**") shall be provided to the Transporter, not later than the time on the Preceding Day specified in the Network Exit Provisions, setting out rates of offtake throughout the Gas Flow Day; and
- (b) a notification ("**End of Day Demand Forecast Notice**") shall:
  - (i) not later than 13:00 hours on the Preceding Day, be provided by the DNO User in respect of the NTS/LDZ Offtakes into each LDZ, and submitted to National Grid NTS setting out the aggregate Forecast LDZ Demand for that LDZ; and
  - (ii) not later than 12:00 hours on the Preceding Day, be secured by the Shipper User in respect of any other relevant System Exit Point, and submitted to the Transporter setting out the estimated total amount of gas to be offtaken at that System Exit Point during the Gas Flow Day.”

### **OAD Section I**

*Amend paragraph 2.2.1 to read as follows:*

"2.2.1 For the purposes of TPD Section J4.5.1, the time by which the Offtake Profile Notice for a Day is to be submitted to National Grid NTS is 18:00 hours on the Preceding Day"

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 Relevant Gas Transporters:

**Tim Davis**  
**Chief Executive, Joint Office of Gas Transporters**

Signature:

Date :