

Draft Modification Report
Revised Tender Timescale for DN Interruption Arrangements
Modification Reference Number 0174
Version 1.0

This Draft Modification Report is made pursuant to Rule 9.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

This Proposal seeks to revise the timetable for tendering for interruption rights to better fit the timescales for applying for NTS Exit Capacity. Presently the revised interruption arrangements to be implemented on 1 April 2008 stipulate that the annual tender for interruption rights shall take place in June each year with Interruption requirements being published not less than 28 days earlier and results being published not later than 28 days after the tender. These timescales allow little time for analysis and application for NTS exit capacity which under the present arrangements has to be completed before the end of July. This proposal seeks to alter the timing of the annual tender for interruptible rights such that the results are published at the end of July each year. This would allow a better fit with the timescales for the application of NTS Exit Capacity.

Under the proposal it is anticipated that the schedule for 2008 annual tender for interruptible rights would be:

May 1	Publish Interruption requirements
June 2	Bid Window opens
June 12	Bid Window closes
End July	Notification of tender results
End July	Submit NTS Exit Capacity Request

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

Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

Implementation of this Proposal would better enable DNs to determine the interruption and capacity requirements that they need to meet their 1 in 20 licence obligation. This would allow the DNs to make informed decisions about investment in their networks and hence could better facilitate the efficient and economic operation of the DNs.

Standard Special Condition A11.1 (b): so far as is consistent with subparagraph (a), the coordinated, efficient and economic operation of

- (i) the combined pipe-line system, and/ or*
- (ii) the pipe-line system of one or more other relevant gas transporters*

Implementation of this Proposal would better facilitate the co-ordinated, efficient and economic operation of the combined pipeline system by enabling

DNs to request efficient levels of capacity from NTS.

Standard Special Condition A11.1 (c): so far as is consistent with subparagraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence

By increasing the time available for analysis, implementation would better enable DNs to determine the interruption and capacity requirements that they need to meet their 1 in 20 licence obligation.

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

By increasing the time available for analysis, implementation would assist the DNs in meeting their 1 in 20 obligations, which could benefit security of supply.

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

a) Implications for operation of the System:

Implementation would be expected to permit the DNs to assess their NTS exit capacity requirements more accurately. This would then be reflected in the design of the system, which would in turn be expected to operate more efficiently.

b) Development and capital cost and operating cost implications:

Implementation would be expected to benefit efficient investment in both the DNs and NTS and therefore potentially reduce capital costs.

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

No specific proposal is made for the recovery of costs.

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

No such consequences 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 Proposer believes that implementation of the Proposal would reduce the contractual risk to which DNs would be exposed by allowing the DNs the opportunity to better determine the capacity rights that they require. The NTS Transporter should not be affected by implementation of this Proposal.

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 such implications have been identified.

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

Administrative and operational implications (including impact upon manual processes and procedures)

Users would be expected to amend their administrative processes to reflect the change in dates. This is not believed to be a major implication..

Development and capital cost and operating cost implications

No such implications have been identified.

Consequence for the level of contractual risk of Users

No such consequences 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

No such implications have been identified.

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

Implementation of this Proposal would better enable DNs to carry out analysis to enable more economic and efficient trade-offs between interruption and investment in DN networks and in procuring NTS capacity

Disadvantages

No disadvantages have been 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 sought in respect of this Draft Report.

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 for works has been identified as a consequence of implementing the Modification Proposal.

15 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)

An implementation date of 1 April 2008 has been suggested, immediately following the implementation of Modification Proposal 0090 and so amending its provisions.

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

18 Transporter's Proposal

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

19 Text

The Modification Panel did not determine that text was required.

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

For and on behalf of the Relevant Gas Transporters:

Tim Davis
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