

Modification Report
Information Provision at LNG Importation Facilities
Modification Reference Number 0182
Version 3.0

This Modification Report is made pursuant to Rule 9.3.1 of the Modification Rules and follows the format required under Rule 9.4.

1 The Modification Proposal

Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Proposal). Key UNC defined terms used in this Modification Proposal are highlighted by an (*) when first used. This Modification Proposal*, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.

Following implementation of UNC Modification Proposal 0104 - Storage Information at LNG Importation Facilities* on 1 October 2007, there is a requirement for National Grid NTS to publish data showing the aggregate physical LNG stocks across all LNG Importation Facilities held at 05:59 (the end of the gas day). This information is published on National Grid NTS's website by 16:00 on the following Gas Day*.

This Proposal is seeking to clarify what should be published in the event that National Grid NTS does not receive information from one or more LNG Importation Facilities and therefore is not in the position to calculate the aggregate stock levels for all operational LNG Importation Facilities.

During the consultation process for UNC Modification Proposal 0104, Ofgem published an Impact Assessment (1 March 2007). In this document Ofgem stated that (para. 3.34) “...in the unlikely event that the operators of new LNG importation facilities are not willing to provide the relevant data to NGG, it will not be in a position to calculate aggregate stock levels. In these circumstances, we would expect it to indicate that the levels are unknown rather than publish partial, and potentially misleading, data from those facilities that have made stock information available.”

National Grid NTS supported the Ofgem view on this issue and this Proposal is intended to formalise the position. It is therefore proposed that in the event that National Grid NTS does not receive all applicable LNG stock information from all operational LNG Importation Facilities, then National Grid NTS would indicate that the aggregate LNG stock levels are unknown. At the relevant publication time (16:00 on D+1), National Grid NTS will publish “unknown”.

Suggested Text

**UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL
DOCUMENT**

SECTION V – GENERAL

Amend Annex V-1 to read as follows:

| Data | Timing | Format | Presentation | Disclosure |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------|-----------------|---------------|
| <p>The aggregate physical LNG in store (in kWh) at LNG Importation Facilities at 05:59 hours on the Preceding Gas Flow Day: <u>provided that, where not all LNG Importation Facilities have provided such data to National Grid NTS by the time specified in the next column as being the time for publication, then National Grid NTS shall publish that such aggregate is unknown (and shall not be required to publish the information received from any LNG Importation Facility).</u></p> | <p>By 16:00 hours on each Day</p> | <p>Tabular</p> | <p>Viewable</p> | <p>Public</p> |

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

Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers;

Implementation would not be expected to facilitate the achievement of this objective.

Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

Implementation of this proposal would better facilitate the promotion of efficiency in the implementation and administration of the uniform network code as this proposal seeks to clarify actions to be taken in the event that partial

information is received from the LNG Importation Facilities.

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

It was believed that the implementation of Modification 0104 would assist in providing a more efficient market response, which could in the short term actually reduce risks to security of supply. Implementation of this further Proposal would ensure that decisions are not made on potentially misleading data.

No adverse implications in respect of industry fragmentation have been identified.

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

a) Implications for operation of the System:

No implications for the operation of the System have been identified.

b) Development and capital cost and operating cost implications:

No 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 additional costs have been identified.

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 Proposal does not change the level of contractual risk it simply seeks to clarify the actions that National Grid NTS should take in the event of it having incomplete information.

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 impact on the UK Link system has been identified. Users may choose to amend their systems in order to capture that levels of stock at LNG Importation facilities may be unknown.

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 may choose to amend their processes and procedures in order to capture the occasions when levels of stock at LNG Importation facilities are unknown.

Development and capital cost and operating cost implications

No such costs have been identified.

Consequence for the level of contractual risk of Users

The level of contractual risk for Users is unaffected by this Proposal.

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

The Proposal will benefit all users of the National Grid NTS web site by ensuring that the LNG stock data published is not incomplete or misleading.

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 believes that the level of contractual risk for Transporters is unaffected by this Proposal.

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

Advantages

- Improved information available to market participants, where information is not available for National Grid NTS to calculate the aggregate stock levels an indication that stock levels are unknown is more appropriate to be published than potentially incomplete misleading information, as Users may be making purchasing decisions based on the LNG stock information.

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)

Representations were received from the following:

| | | |
|-----------------------------------------|-------|-------------------|
| BG Gas Services Limited | BG | Support |
| British Gas Trading Limited | BGT | Support |
| Chemical Industries Association Limited | CIA | Qualified Support |
| EDF Energy plc | EDFE | Qualified Support |
| energywatch | EW | Comments |
| E.ON UK plc | E.ON | Support |
| National Grid Gas (Distribution) | NGD | Support |
| National Grid NTS | NGNTS | Support |
| RWE npower and RWE Trading GmbH | RWE | Support |
| Scotia Gas Networks plc | SGN | Support |
| ScottishPower Energy Management | SP | Comments |
| Wales & West Utilities | WWU | Support |

Thus, of the twelve responses, eight supported implementation, two offered qualified support and two offered comments.

Three respondents were concerned that implementation of Modification Proposal 0104 "Storage Information at LNG Importation Facilities" should not be adversely affected by implementation of this Proposal.

RWE commented that the suggested legal text permitted but did not require National Grid NTS to publish information even where it was not supplied in respect of all LNG Importation Facilities.

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)

This Proposal will have no practical affect until more than one LNG

Importation Facility becomes operational. A second facility is due to be commissioned in early 2008.

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

No implications 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 21 February 2008, of the 10 Voting Members present, capable of casting 10 votes, 10 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 [*not/to modify*] the Code and the Transporter now seeks [*agreement/direction*] from the Gas and Electricity Markets Authority in accordance with this report.

19 Text

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| | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
| <u>that such aggregate is unknown (and shall not be required to publish the information received from any LNG Importation Facility).</u> | | | | |
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For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters