

**CODE MODIFICATION PROPOSAL No xxxx**  
**< Change System Capacity Transfers Notification Time Limit from 04:00 hours to**  
**03:00 hours>**  
**Version 0.1**

**Date:** 02/03/2010

**Proposed Implementation Date:** 30/06/2010

**Urgency:** Non Urgent

## **1 The Modification Proposal**

### **a) Nature and Purpose of this 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 asterisk (\*) when first used. This Modification Proposal\*, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

### **Background**

The current UNC allows for Users\* to undertake a System Capacity Transfer\* for all or part of:

- their Available NTS Entry Capacity\* (in accordance with UNC TPD B5.1.1.(a))
- their Available Firm NTS Exit (Flat) Capacity\* (in accordance with UNC TPD B5.1.1.(b))

A System Capacity Transfer\* may be for any Day\* or consecutive Days within the period that the Transferor User\* holds such capacity. In order to complete the System Capacity Transfer, the Transferor User and the Transferee User\* are required under the UNC, to provide National Grid NTS\* with specific information.

Once the Transferor User and the Transferee User provide the information to National Grid NTS the System Capacity Transfer will be effective if, within the 60 minute window:

- the System Capacity Transfer is approved by National Grid NTS; or
- the System Capacity Transfer is not rejected by National Grid NTS.

UNC TPD B5.2.2 stipulates that Users are permitted to propose a System Capacity Transfer at any point during a Day but no later than 04:00 hours on the Day or first Day of the Transfer Period\* (the Notification Time Limit)

However, parts of the UK Link\* system (including Gemini), will not be

operational at certain times and for certain periods ("**Planned UK Link Downtime\***"). The Planned UK Link Downtime occurs between 04:00 hours and 06:00 hours on each Day and directly impacts on National Grid NTS' ability to either approve or reject a System Capacity Transfer. By virtue of this downtime National Grid NTS will not have a 60 minute window to either approve or not reject the transfer.

The Planned UK Link Downtime is used to enable the Transporters to operate and maintain the UK Link System effectively and is essential to ensure the continued successful operation of the UK Link System.

### **Proposal Summary**

National Grid NTS propose an amendment to the Notification Time Limit for System Capacity Transfers as outlined in UNC TPD B5.2.2 and B5.6.2(d). This will mean that any proposed System Capacity Transfer may now be notified by the Transferor User and the Transferee User no later than 03:00 hours on the Day or first Day of the Transfer Period. This will enable National Grid NTS to fully utilise the 60 minute window to either approve or reject the transfer prior to the Planned UK Link Downtime.

For clarification, National Grid NTS can only reject a System Capacity Transfer where:

- the Transferred System Capacity exceeds the Transferor User's Available System Capacity or
- the Transferor User or the Transferee User does not provide the required information to National Grid NTS in a timely fashion; or
- in accordance with UNC TPD V3.

In addition to the above, National Grid NTS also proposes an amendment to UNC TPD B5.2.5 to add further clarity:

Currently UNC TPD B5.2.5 states that:

“A System Capacity Transfer in respect of NTS Exit (Flat) Capacity for which the Transfer period is a Day may not be withdrawn by a User following notification to National Grid NTS”

This paragraph may be misconstrued as indicating that any System Capacity Transfer in respect of NTS Exit (Flat) Capacity that is for a Transfer Period longer than a Day may be withdrawn after it has been notified to National Grid NTS. National Grid NTS proposes that this be amended to reflect that a System Capacity Transfer in respect of NTS Exit (Flat) Capacity for any Transfer Period may not be withdrawn by either the Transferor User or the Transferee User following notification (i.e. by both parties) to National Grid NTS.

To clarify the proposed changes to the 04:00 hour Notification Time Limit for System Capacity Transfers would be applicable to the Transfer of both

NTS Entry Capacity and NTS Exit (Flat) Capacity.

- b) **Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)**

Not applicable

- c) **Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.**

Issue for Consultation

## 2 User Pays

- a) **Classification of the Proposal as User Pays or not and justification for classification**

It is the view of National Grid NTS that this Proposal is a change/addition to the services provided by xoserve and as such National Grid NTS is of the view that this is a User Pays Proposal.

National Grid NTS believes that this change will provide a clear benefit for all parties. Allowing National Grid NTS to reject trades between 03.00 and 04.00, potentially preventing DNO Users and Shipper Users from a) trading capacity that they do not hold and b) incurring negative overrun charges.

- b) **Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification**

Due to this Proposal requiring a change to the service offered by xoserve National Grid NTS is of the view (as outlined above) that this is a User Pays Proposal, xoserve have confirmed that the 04:00 hour Notification time Limit whilst not a User configurable parameter can be amended as part of the data migration exercise of Phase 2 of the Exit Reform system implementation and as such can be done at zero cost.

National Grid NTS proposes due to the reasons outlined above, that the split of the recovery of Implementation Costs should be:

50% Shipper Users 50% Transporters (National Grid NTS)

National Grid NTS proposes to levy a one off implementation charge and further proposes that 50% of this cost is met by those Shipper Users who have NTS Exit (Flat) Capacity holdings and would therefore benefit from this Proposal.

The costs would be pro rated between Shipper Users based on their NTS Exit (Flat) Capacity holdings as a proportion of the total NTS Exit (Flat) Capacity holdings held by all Shipper Users as of the 1st October 2012 as registered by National Grid NTS on the implementation date of this Modification Proposal. These charges will be one off charges invoiced in the month following the

introduction of the systems and processes that enable this change, in effect:

$$\frac{\text{Shipper User NTS Exit (Flat) Capacity holdings}}{\sum \text{all Shipper Users NTS Exit (Flat) Capacity holdings}} * \text{Implementation Costs}$$


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**c) Proposed charge(s) for application of Users Pays charges to Shippers**

Any final individually invoiced amount will be subject to an assessment of the NTS Exit (Flat) Capacity held by Shipper Users for the 1 October 2012 on implementation of this Modification Proposal and the final system implementation costs. Utilising the current levels of NTS Exit (Flat) Capacity held by Shipper Users (for the 1 October 2012) and the ROM Cost estimate provided by xoserve, gives the following cost:

Cost per unit of capacity held 0.0000p/kWh

**d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve**

Any charge applied will be based on the formula outlined in Section 2 b) above and will be dependent upon actual costs received from xoserve

**3 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter’s Licence) of the Relevant Objectives**

National Grid NTS considers this proposal would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence in respect of the NTS:

***Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;*** Implementation would be expected to facilitate this relevant objective for the following reason:

- National Grid NTS would be able to consider the proposed System Capacity Transfer and reject where appropriate (under current UNC conditions). Therefore, it would better facilitate the economic, efficient operation of the NTS by allowing National Grid NTS to monitor whether a Transferor User’s Available System Capacity\* is not exceeded for either Firm NTS Entry Capacity or Firm NTS Exit (Flat) Capacity.

***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 would be expected to facilitate this relevant objective for the following reason:

- National Grid NTS would be able to consider the proposed System Capacity Transfer and reject where appropriate (under current UNC conditions). Therefore, it would better facilitate the economic, efficient operation of the NTS by allowing National Grid NTS to monitor whether a Transferor

User's Available System Capacity is not exceeded for either Firm NTS Entry Capacity or Firm NTS Exit (Flat) Capacity.

*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; Not applicable*

*Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers; Not applicable*

*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; Not applicable*

*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 would be expected to facilitate this relevant objective for the following reason:*

- It would improve the efficiency in the administration of the UNC as Transferor Users and Transferee Users would be able to propose a System Capacity Transfer and ensure that it can be fully considered for approval or rejection by National Grid NTS and clarify the transfer withdrawal rules.

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

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

**5 The implications for Transporters and each Transporter of implementing this Modification Proposal, including:**

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

None Identified

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

None Identified

**c) Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:**

As detailed in section 2 all costs to be met proportionately by Shipper Users based on their NTS Exit (Flat) Capacity holdings as at the 1<sup>st</sup> October 2012 and invoiced in the month following implementation of the above system

development.

- d) **The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

None Identified

- 6 **The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)**

Not Applicable

- 7 **The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users**

National Grid NTS will need to undertake development of the UK-Link system to accommodate this Proposal. National Grid NTS raised a ROM request with xoserve to ascertain the indicative costs, xoserves response has indicated that the change can be done at zero cost.

Please note the following:

- that the costs utilised are Rough Order of Magnitude Costs and may be subject to change
- that the NTS Exit (Flat) Capacity figure used reflects the level of capacity that Shipper Users currently hold and may be subject to change

As such any charge will be indicative only.

- 8 **The implications for Users of implementing the Modification Proposal, including:**

- a) **The administrative and operational implications (including impact upon manual processes and procedures)**

None identified

- b) **The development and capital cost and operating cost implications**

National Grid NTS believes there is no development, capital or operation cost implications.

- c) **The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal**

No consequences on the level of contractual risk have been identified.

- 9 The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)**

None identified

- 10 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**

None identified

- 11 Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 10 above**

**Advantages**

- As identified in paragraphs 2-10

**Disadvantages**

None identified

- 12 Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)**

Written representations are now sought with respect to this Proposal

- 13 Detail of all other representations received and considered by the Proposer**

- 14 Any other matter the Proposer considers needs to be addressed**

- 15 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal**

Draft Proposal discussed at Transmission Workstream	04-Feb-10
Draft Proposal discussed at Transmission Workstream	04-Mar-10
Proposal submitted to Mod Panel	18-Mar-10
Proposal issued for consultation (subject to Mod Panel Approval)	18-Mar-10
Closeout for representations	30-Apr-10
Final Modification Report produced	05-May-10
Modification Panel decide upon recommendation	21-May-10
Proposed implementation date	30-Jun-10



**16 Comments on Suggested Text**

Not applicable

**17 Suggested Text**

Not applicable

**Code Concerned, sections and paragraphs**

Uniform Network Code

Transportation Principal Document

**Section(s)** B5

**Proposer's Representative**

*Natasha Ranatunga, National Grid NTS*

**Proposer**

*National Grid NTS*