

Modification Report
Amendment to px (TGPP) Limited Network Entry Agreement
Modification Reference Number 0236
Version 2.0

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

Energy24 Limited a shipper at Teesside, in consultation with px (Teesside Gas Processing Plant) Limited (px), one of the Delivery Facility Operators (DFO) at the Teesside Aggregated System Entry Point (ASEP), has proposed that three of the Gas Entry Conditions, which form part of the Network Entry Provisions, for the px (TGPP) Limited terminal are amended.

Proposed Specifications

Gas Quality Characteristic	Current Specification	GS(M)R	Proposed Specification
Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³	47.2 MJ/m ³
Calorific Value Low range	38 MJ/m ³	36.9 MJ/m ³	36.9 MJ/m ³
Delivery Pressure	75 barg		70 barg

The amendment of the px (TGPP) Limited Wobbe number and lower Calorific Value (CV) limit to those permitted in the GS(M)R 1996 would align the terminal entry conditions with those of other UK ASEPs. The change in delivery pressure would allow the Network Entry Agreement to reflect the actual pressure rating of the downstream pipework at the Teesside System Entry Point.

These amendments to the Network Entry Provisions at the px (TGPP) Limited terminal will support the development of additional UKCS gas production coming to market via the Teesside System Entry Point (SEP).

As a consequence of potentially additional gas flows into the NTS as a result of this proposal, security of supply would be enhanced. The proposal will also support competition between ASEPs and between gas shippers and suppliers.

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 would not be expected to better facilitate this relevant objective.

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 not be expected to better facilitate this relevant objective.

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;

Implementation would not be expected to better facilitate this relevant objective.

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;

In enabling the economic and efficient delivery of new gas supplies at Teesside, implementation of this Proposal would be expected to facilitate the achievement of securing effective competition between relevant shippers and relevant suppliers.

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 better facilitate this relevant 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 would not be expected to better facilitate this relevant objective.

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

As a consequence of implementation, additional gas supplies from the UKCS could be more readily developed and brought ashore, enhancing security of supply. It is believed that National Grid support these proposals.

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:

None identified.

b) Development and capital cost and operating cost implications:

The reduction in lower CV limit may have an impact on CV shrinkage costs. However, it is not possible to forecast whether any new fields will, overall, increase or reduce shrinkage because this depends on other flows in the NTS over which the shippers through the PX entry point have no control.

Incentives on National Grid to reduce shrinkage at all ASEPs are part of the SO Price Control and are not addressed through restrictions on CV at existing entry points.

It is believed that implementation would not have any capital and operating cost implications.

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 for recovery of costs is required.

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

Not applicable.

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

It is not believed that there would be any such consequences.

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

It is believed that implementation of this Modification Proposal would not have any impact.

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)

No such implications have been identified.

Development and capital cost and operating cost implications

As implementation may facilitate the economic development of additional gas fields, it is expected that Users would benefit from the availability of a wider range of offshore reserves.

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

The reduction in the lower Wobbe and CV limits may allow the DFO, at the sub-terminal, scope to process a wider range of offshore reserves and thereby allow additional gas fields to be economically developed.

Increased security of supply as a consequence of facilitating the development of new gas reserves.

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

- Additional gas supplies from the UKCS could be more readily developed and brought ashore, enhancing security of supply.
- The reduction in the lower Wobbe and CV limits may allow the DFO, at the sub-terminal, scope to process a wider range of offshore reserves and thereby allow additional gas fields to be economically developed.

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:

BP Gas Marketing Ltd	BP	Support
British Gas Trading Limited	BGT	Support

Energy 24 Limited	E24	Support
National Grid NTS	NGNTS	Support
RWE npower	RWE	Support
Scotia Gas Networks plc	SGN	Comments
Scottish and Southern Energy plc	SSE	Support
ScottishPower Energy Management Limited	SP	Support
Wales & West Utilities Limited	WWU	Support

Of the 9 respondents, 8 were in support of implementation, and one offered comments.

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 would be required 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 could be implemented with immediate effect following direction from Ofgem.

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 18 December 2008, of the 8 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 to modify the Code and the Transporter now seeks direction from the Gas and Electricity Markets Authority in accordance with this report.

19 Text

For and on behalf of the Relevant Gas Transporters:

Tim Davis
Chief Executive, Joint Office of Gas Transporters