

CODE MODIFICATION PROPOSAL No 0259

**Removal Of Obligations To Install UK Link User Equipment and UK Link User
Software for UK Link Users who utilise the services of an UK Link User Agent.**

Version 2.0

Date: 03/09/2009

Proposed Implementation Date: September 2009

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

Uniform Network Code (UNC), Transportation Principal Document (TPD) Section V sets out the arrangements for an Applicant to become a Shipper User in relation to a System (National Transmission System or a Local Distribution System).

Section V2.1.2 (d) (i) requires that the Applicant User shall have secured compliance with the requirements under Section U prior to sending and receiving UK-Link communications, including:

- (i) “the installation and connection of the UK Link User Equipment and the UK Link User software at the Applicant User’s premises.”

A number of UK Link Applicant Users utilise the services of a UK Link User Agent organisation which provides a UK Link Communication service. UK Link User Agent organisations perform this service using their own UK Link User Equipment and UK Link Software which interfaces with the UK Link Network.

To satisfy User Admission requirements, currently each individual Applicant User must secure the installation of UK Link User Equipment and UK Link Software at their own registered premises whether they intend to utilise the services of a UK Link User Agent or not. Where it is the intention of an Applicant User to procure the services of a UK Link User Agent organisation the UK Link User Equipment and UK Link User Software installed at an Applicant User’s own premises is rendered redundant.

Additionally xoserve have confirmed it is not technically possible to connect IX equipment to the IX network outside of the United Kingdom. Therefore User organisations located outside of the UK can not currently install UK Link equipment at their own registered premises and are required to install IX equipment at an Agent’s premises. Where additional equipment is installed at an Agent’s premises, this equipment would also be rendered redundant where an Agent utilises their own IX equipment.

This Modification Proposal seeks to amend the User Admission

requirements to allow:

- an Applicant User who secures the services of a UK Link User Agent organisation (which already has operational UK Link Equipment and UK Link Software) not to be obligated to secure installation of UK Link Equipment or UK Link Software at its own premises or at the Agent's premises where UK Link Equipment or UK Link Software is already installed.

Also, where UK Link Equipment or UK Link Software has already been installed and is not currently utilised this Modification Proposal would allow the removal of such equipment and software. For confirmation, where a User terminates their contract with a User Agent in line with UNC TPD V6.3.3 it would still be a requirement for a User to adhere to UNC TPD V2.1.2 (d) (i).

After discussions during the Distribution Workstream 23 July 2009 concerns were raised regarding a potential occurrence of a UK Link User Agent terminating a UK Link Users' service in the event that the agent stopped trading. This would require the UK Link User, where they did not have UK Link equipment installed to install UK Link equipment to ensure their UNC obligations were met, which could potentially take upwards of 40 days. The current contingency arrangement which allows UK Link Users to utilise the XP1 token process was briefly discussed and it was agreed that detail relating to this process would be added to this Modification Proposal as a basis for mitigating these concerns.

The XP1 token process allows UK Link Users to access Gemini for trading purposes utilising a secure dial up mechanism. Each UK Link User is provided with a XP1 Token and up to two further tokens are available on a chargeable basis. The utilisation of the XP1 token process would allow UK Link Users to continue to access Gemini securely for trading purposes until UK Link equipment was installed.

Based upon data provided by xoserve, from April 2006 to end March 2007 there were 16 new Users admitted, all of which had UK Link Equipment and UK Link Software installed. A breakdown of the 16 new Applicants indicates that there were 4 portfolio Shippers and 12 traders, of which 9 traders appointed a UK Link User Agent. The UK Link Equipment and UK Link Software installed at the 9 trader organisations' premises is currently not utilised.

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

N/A.

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.

It is the proposer's intention that this Modification proposal should proceed directly to the Consultation Phase.

2 User Pays

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

Classified by the proposer as **not** User Pays. There are no costs associated with the implementation of this Modification Proposal.

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

N/A.

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

N/A,

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

N/A.

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

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

This Modification proposal would eliminate the obligation on the Transporters to provide UK Link Equipment and UK Link Software at Applicant Users' premises which is not required. This would result in a reduction in the annual expenditure for the provision and annual support of this equipment and software thus increasing the economic operation of the total pipe-line system.

A11.1 (f) so far as is consistent with sub paragraphs (a) to (e), the provision of efficiency in the implementation of the network code and/or the Uniform Network Code.

This Modification aligns the legal text in section V 2.1.2 (d) (i) to the current position in that IX equipment can not be connected to the IX network outside of the United Kingdom.

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

None 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:

Implementation of this Modification proposal would realise a reduction in the annual expenditure for Transporters relating to the provision of IX equipment and related on going maintenance costs.

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:

N/A.

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)

N/A

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

This Modification proposal would reduce the cost implications of providing the equipment and software associated with the UK Link System for Transporters.

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

Where prospective Shipper Users contract with existing UK Link User Agents for their UK-Link services and would therefore not require the installation new UK-Link equipment by the Transporter, there would not be a requirement for the User to pay the relevant User Pays charge (Service

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Item 6 (a) User Admission, “the delivery and installation of IX Equipment” referenced in the Transporters’ Agency Charging Statement as amended from time to time.

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

None 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

No further advantage has been identified.

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)

No such consultation has been issued.

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

No such representations have been received.

14 Any other matter the Proposer considers needs to be addressed

No other matter identified.

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

It is recommended that this Modification Proposal, if approved, would be implemented at 6am, the day after the Authority’s decision

16 Comments on Suggested Text

None.

17 Suggested Text

None.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) V2.1.2 (d) & U

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