

Stage 01: DRAFT PROPOSAL

Removal of very large daily metered loads (VLDMC's) from aggregate LDZ demand change rules in Section I of Offtake Arrangements Document (OAD).

This proposal has one central theme

- (i) Recognises that very large loads in an LDZ will often increase or decrease at a rate and within a timeframe that is not typical of the normal demand load movement/management LDZ work within. Removing VLDMC's from this measurement will allow GDNs to operate within the existing OAD rules whereby LDZ demand can only be altered (up or down) by a maximum of 5% every two hours.



The Proposer recommends
This Modification Proposal should follow the self governance route on the basis that it meets the self-governance criteria set out in the Licence.



High Impact:
n/a



Medium Impact:
n/a



Low Impact:
National Grid NTS & Distribution Network Operators.

What stage is this document in the process?

01

Proposal

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report

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About this document:

This document is a proposal, which will be presented by the Proposer to the Panel on [17 November 2011]. The Panel will consider the Proposer's recommendation, and agree whether this modification should proceed to consultation or be referred to a Workgroup for assessment.



3 **Any questions?**

4 Contact:

4 **Joint Office**



5 enquiries@gasgo-vernance.co.uk

6



9 **0121 623 2115**

10 Proposer:

10 **Insert name**



10 ...@...



0000 000 000

Transporter:

Insert name



...@...



0000 000 000

xoserve:

Insert name



commercial.enquiries@xoserve.com



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1 Summary

Is this a Self Governance Modification

The Proposer believes that this modification proposal should be subject to the self governance procedures as it meets the criteria for self-governance modification proposals as defined in Standard Special Condition A11(24)(a) of the Transporter's Licence.

Why Change?

The Proposer's view is that the proposed removal of VLDMC sites from 5% change maximum with two hours notice will enable the GDNs to comply with the OAD and not seek to artificially constrain its demand requirements to take account of (legitimate) faster changing VLDMC demand movements.

Solution

To satisfy OAD contractual obligations and allow GDNs to manage offtake variations based on all non VLDMC sites, solution proposed is to remove VLDMC supply point components from any aggregate LDZ requirement to vary its offtake by a maximum of 5% in any two hour period.

Impacts & Costs

Each Transporter may require limited changes to existing systems. The cost of any changes will be borne by the relevant Transporter.

Implementation

There is no fixed timescale for implementation.

The Case for Change

The OAD currently sets out a series of clauses which were established pre Network sales in 2005, and which reflected some working practices and anticipated the requirements of all Transporters when establishing the maximum allowed offtake flow variation.

This measure correctly requires the GDNs to signal changes within a specified tolerance band (5%) to National Grid NTS for the operation of any LDZ. What the GDN cannot accommodate however are the very different characteristics of VLDMC's whose commercial characteristics mean they are more likely to alter by a rate greater than 5% and more quickly than the required two hour notice period required by the OAD.

No compelling case has been presented to retain the existing set of rules which automatically place GDNs in a non compliance situation under the current 'rules'. The aspiration of the clause is to ensure GDNs signal changes within an acceptable tolerance (5%) and with sufficient notice (2 hours) allowing National Grid NTS to plan the operation of its system requirements.

Recommendations

The Proposer recommends this modification should be subject to the self governance process and proceed to the Offtake Arrangements workgroup for development.



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2 Why Change?

By removing VLDMC's from the aggregate LDZ measure, GDNs can be legitimately measured on their ability to comply with the OAD requirements. Retaining the current rules means GDNs cannot comply and also National Grid NTS may operate under the false assumption that GDNs are compliant and therefore plan incorrectly.

3 Solution

Proposal

The legal text sets out the proposed changes to the OAD (amendments in red, deletions struck through)

2.3.3 Where, pursuant to one or more revised Offtake Profile Notice(s) submitted by a DNO in relation to the Offtake(s) serving one LDZ, there is at any time (T_{RO}) a change in the aggregate rate of offtake:

(a) the time (T_{OPN}) at which such revised Offtake Profile Notice(s) are submitted shall not be less than two hours before time T_{RO} ;

(b) the **resulting** flow rate change, for any time (T_{RO}) of the Day, pursuant to revised Offtake Profile Notices submitted within any one hour (H_{OPN}) of the clock, shall not exceed 5% **per two hours notice provided; and**.

(c) **The maximum frequency of rate changes shall be once every two hours**

(d) **The above rules do not apply to VLDMC Supply Point components**

2.3.4 For the purposes of paragraph 2.3.3(b), in relation to any hour (H_{OPN}), the aggregate flow rate change at any time (T_{RO}) is the magnitude of difference between:

(a) the aggregate rate of offtake at time T_{RO} pursuant to the Offtake Profile Notices prevailing at the start of hour H_{OPN} (excluding any flex component); **and**

(b) the aggregate rate of offtake at time T_{RO} pursuant to the Offtake Profile Notices prevailing (pursuant to any revisions thereof within hour H_{OPN}) at the end of hour H_{OPN} (excluding any flex component);



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Robert.Cameron-Higgs 23/5/11 11:52

Deleted: aggregate

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4 Relevant Objectives

The Proposer believes that implementation will better facilitate the achievement of **Relevant Objectives a, b, c, d, e and f.**

Proposer's view of the benefits against the Code Relevant Objectives	
Description of Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	
b) 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.	Yes
c) Efficient discharge of the licensee's obligations.	
d) 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.	
e) 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.	
f) Promotion of efficiency in the implementation and administration of the Code	Yes

b) 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.

The proposed changes allow GDNs to legitimately signal changes to offtake flows in a timely fashion over which they have operational control. Similarly, the efficiency of system(s) is improved by National Grid NTS being aware that VLDMCs are not part of this measurement or requirement

f) Promotion of efficiency in the implementation and administration of the Code

Amending the Offtake Arrangements Document to recognise working practices and to support these practices by reference to the Offtake Communications Document promotes efficiency in the administration of the Code



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5 Impacts and Costs

System Implications

The Proposer believes that there would be little or no system implications resulting from the implementation of this Modification Proposal as it would be aligning the OAD with existing or newly required operational practices.

Costs

Indicative industry costs – User Pays	
Classification of the proposal as User Pays or not and justification for classification	
Not User Pays	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
All costs will be borne by the relevant Transporter	
Proposed charge(s) for application of Users Pays charges to Shippers	
Not applicable	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve	
Not applicable	

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none">• none
Operational Processes	<ul style="list-style-type: none">• low
User Pays implications	<ul style="list-style-type: none">• none

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none">• none
Development, capital and operating costs	<ul style="list-style-type: none">• none
Contractual risks	<ul style="list-style-type: none">• none



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Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification **0565 Transco Proposal for Revision of Network Code Standards of Service** at the following location:
<http://www.gasgovernance.com/networkcodearchive/551-575/>

Impact on Users	
Legislative, regulatory and contractual obligations and relationships	• none

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	• Medium. Minor amendments may be required to DNCS reporting to capture the revised requirements of this Proposal
Development, capital and operating costs	• See above
Recovery of costs	• none
Price regulation	• none
Contractual risks	• DNO's and NG NTS contractual risk may be reduced by implementation of this modification proposal
Legislative, regulatory and contractual obligations and relationships	• none
Standards of service	• none

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	• none
UNC Committees	• none
General administration	• none

Impact on Code	
Code section	Potential impact
TPD OAD Section I	Medium

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	none
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	none

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Impact on UNC Related Documents and Other Referenced Documents	
Storage Connection Agreement (TPD R1.3.1)	none
UK Link Manual (TPD U1.4)	none
Network Code Operations Reporting Manual (TPD V12)	none
Network Code Validation Rules (TPD V12)	none
ECQ Methodology (TPD V12)	none
Measurement Error Notification Guidelines (TPD V12)	none
Energy Balancing Credit Rules (TPD X2.1)	none
Uniform Network Code Standards of Service (Various)	none

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	none
Gas Transporter Licence	none

Other Impacts	
Item impacted	Potential impact
Security of Supply	none
Operation of the Total System	none
Industry fragmentation	none
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	none

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6 Implementation



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7 The Case for Change

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