

CODE MODIFICATION PROPOSAL No xxxx
Amendment to the DN Adjustment Window
Version Draft

Date: 25/06/2010

Proposed Implementation Date:

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 Uniform Network Code* (UNC).*

Background

Implementation of Modification Proposal* 0195AV established the basis for the reform of NTS Exit Capacity* booking arrangements that, in full, are scheduled to come into effect on 1 October 2012.

As part of the Enduring Exit Reform processes DNO Users* are able to apply for Enduring Annual NTS Exit (Flat) Capacity* rights in the Annual Application Window* held in July of Gas Year*Y, where Y is the Gas Year in which the Annual Application Window falls, for Gas Years Y+4, Y+5 or Y+6. DNO Users may also apply to revise both their NTS Exit (Flexibility) Capacity* and their Assured Offtake Pressure* at an NTS/LDZ Offtake*, via the Offtake Capacity Statement* and Offtake Pressure Statement* processes also in July of each year.

Under the current UNC rules, for both the Transitional and Enduring periods, where a DNO User has applied for or revised their NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures during the Annual Application Window held in July, National Grid NTS must provide an indicative Offtake Capacity Statement (inclusive of flat for the transitional period) and/or indicative Offtake Pressure Statement informing the DNO User whether their application/s have been fully accepted, partially accepted or rejected. This is currently done no later than 15th September (In Gas Year Y). The DNO User can then seek to clarify, reconsider and resubmit their application/s for NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressure and or (for the Transitional period only) NTS Offtake (Flat) Capacity* within five (5) Business Days*. National Grid NTS then has the opportunity to consider these requests prior to agreeing the Offtake Capacity Statement and Offtake Pressure Statement by the 30th September (in Gas Year Y).

In addition, where National Grid NTS wholly or in part rejects a request for additional NTS Exit (Flexibility) Capacity or an increase in Assured Offtake Pressure in respect of the Enduring period, a DNO User may also submit a revised application for Enduring Annual NTS Exit (Flat) Capacity. This revised application must be submitted on any of the first five (5) Business Days following the 15th September. National Grid NTS then has until the 30th September (In Gas Year Y) to notify the DNO User of which of its applications have been accepted, this is commonly known as the DN adjustment window.

Proposal

Where a DNO User has applied for NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures and/or (for the transitional period only) NTS Offtake (Flat) Capacity via the Offtake Capacity Statement and Offtake Pressure Statement processes in July of each year, National Grid NTS must provide an indicative Offtake Capacity Statement and/or Offtake Pressure Statement informing the DNO User whether its application/s have been accepted, partially accepted or rejected. National Grid NTS proposes that the indicative Offtake Capacity Statement and/or indicative Offtake Pressure Statement, for both the transitional and enduring periods, be provided by no later than [15] [Fifteen] Business Days after the closure of the Annual Application Window in July.

National Grid NTS further proposes, following the submission to the DNO User of the indicative Offtake Capacity Statement and/or indicative Offtake pressure Statement, that the number of Business Days available to a DNO User to clarify, reconsider and resubmit its application(s) for NTS Exit (Flexibility) Capacity and/or Assured Offtake Pressures and (for the transitional period only) NTS Offtake (Flat) Capacity, be increased from 5 (Five) to 10 (Ten) Business Days. National Grid NTS will continue to have until the 30th September to consider these requests and agree the Offtake Capacity and Offtake Pressure Statements.

Where National Grid NTS wholly or in part rejects a request for additional NTS Exit (Flexibility) Capacity or an increase in Assured Offtake Pressure in respect of the Enduring period and the DNO User then submits a revised application for Enduring Annual NTS Exit (Flat) Capacity, National Grid NTS also proposes that the DNO Users revised application can be submitted on any of the first 10 (Ten) Business Days following the provision of indicative Offtake Capacity and/or indicative Offtake Pressure Statement in Gas Year Y, rather than the 5 (Five) Business Days following the 15th September as it is currently. National Grid NTS will continue to have until the 30th September to notify a User of which of its applications have been accepted.

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

b)

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.**

Not Applicable

2 User Pays

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

Standard Special Condition A11.1 (b): so far as is consistent with sub-paragraph (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;* For the reasons given below, the Proposer believes that this Proposal will better facilitate relevant objectives A11.1 (b)

- National Grid NTS believes that this proposal will enhance the operation of the total system as an extension to the DN Adjustment Window will allow an extended period of time for all parties to engage in dialogue regarding Flexibility Capacity requirements and Assured Offtake Pressures, for both the transitional and enduring regimes, that would allow both parties to manage their systems more efficiently. The Proposal will allow DNO Users to view their indicative Offtake Capacity Statement and indicative Offtake Pressure Statement at an earlier date allowing both DNO Users and National Grid NTS to undertake further discussion/analysis in order to achieve the most

economic and efficient outcome.

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

Amending the DN Adjustment Window to allow additional levels of discussion and analysis may provide the opportunity for National Grid NTS to better facilitate the DNO Users requirements and this may help satisfy any obligations that relate to security of supply.

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

a) The implications for operation of the System:

National Grid NTS does not believe this Proposal, if implemented, would adversely affect the physical operation of the System.

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

Not applicable

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:

Not applicable

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

National Grid NTS believes that the Proposal will have no material impact on the level of contractual risk of each Transporter.

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

Not applicable.

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

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

National Grid NTS would welcome responses from Users in this area.

- b) The development and capital cost and operating cost implications**
National Grid NTS would welcome responses from Users in this area.
- 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**
National Grid NTS would welcome responses from Users in this area.
- 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)**
National Grid NTS is not aware of any such implications but would welcome responses from users in this area
- 10 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**
National Grid NTS is not aware of any such consequences
- 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
No disadvantages have been 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 written representations have been received
- 13 Detail of all other representations received and considered by the Proposer**
None
- 14 Any other matter the Proposer considers needs to be addressed**
None
- 15 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal**
The DN adjustment window is intrinsically linked to the Annual Application

Window under the terms of Uniform Network Code* (UNC). As part of the Annual Application Window set up process in the exit reform system, it is required that the dates of the DN adjustment window are set up at the same time and under the same exit reform system method of sale. Therefore the latest date that the Annual Application Window and hence DN adjustment window can be defined in the exit reform system is the 24th of June.

For the Transitional period there is no direct timescale that is impacted by system functionality. However the Indicative Offtake Capacity Statement and/or indicative Offtake Pressure Statement are to be sent to the DNO Users no later than [15] [Fifteen] Business Days after the closure of the Annual Application Window in July for the Enduring period rather than the current date of no later than the 15th September. There will be a requirement for the NTS and DNO Users to plan their resources to accommodate workload for the earlier indicative statement. An earlier implementation date that confirms the Modification Proposal will help support coherent resource planning for the Transitional and Enduring periods relating to the DN Adjustment Window.

16 Comments on Suggested Text

To be advised

17 Suggested Text

To be advised

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) UNC TPD B3 & J2 and TD IIC,

Proposer's Representative Mark Lyndon

Name (Organisation) National Grid NTS