

Stage 03: Draft Modification Report

0406S:

Changes to the Measurement Provisions of the px (TGPP) Limited Network Entry Agreement (NEA)

What stage is this document in the process?



Seeks to change Permitted Ranges and introduce additional metering requirements into the px (TGPP) NEA due to expected increased natural gas flows arising from a new North Sea gas development.



Responses invited by Friday 03 February 2012.



Low Impact:
Px (TGPP) (a Delivery Facility Operator) and National Grid NTS

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Draft Modification Report

16 December 2011

Version 1.0

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About this document:

This document is a Draft Modification Report, which was issued for consultation responses, at the request of the Panel on 15 December 2011.

The close-out date for responses is Friday 03 February 2012.

The Panel will consider the responses and agree whether or not this self-governance modification should be made.



3 Any questions?

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this modification meets the self-governance criteria - implementation would be unlikely to have a material effect on either:

- existing or future gas consumers; or
- competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; or
- the operation of one or more pipe-line system(s); or
- matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; or
- the uniform network code governance procedures or the network code modification procedures.

Why Change?

Px (TGPP) Limited (px), one of the Delivery Facility Operators (DFO) at the Teesside Aggregated System Entry Point (ASEP), is planning to increase gas flow volumes delivered to the National Transmission System (NTS) arising from a new North Sea natural gas field development. In line with the expected volume increase, px intends to install new ultrasonic flow meters in parallel with the existing metering system and calculate the commingled delivered flow volume.

Changes are required to px's Network Entry Provisions in its NEA to reflect the broader ranges ("Permitted Ranges" as defined in UNC) over which the new measurement equipment will need to operate and also to reflect requirements in respect of the new measurement equipment. The latter requirement means that the provisions of TPD section I2.2.2(a)(i) (under which a Code Modification would be unlikely to be required) cannot be utilised in this case and therefore this Proposal is required pursuant to TPD section I2.2.3(a) of UNC.

Solution

Pursuant to the requirements of Section I2.2 of the Transportation Principal Document (TPD) of the UNC, a Code Modification is required to facilitate implementation of changes to the relevant Network Entry Provisions described below.

Accordingly, it is proposed that the Network Entry Provisions contained within the px Network Entry Agreement are amended to reflect revised Permitted Ranges and revised Measurement Provisions as described in section 3.

Impacts & Costs

Implementation of the Proposal will enable additional gas supplies to be input at the Teesside Terminal by px in compliance with the applicable Network Entry Provisions.

Implementation of the Proposal will have no development or capital cost implications, other than for px itself.

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Implementation

No timetable for implementation is proposed.

However, as self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

The Case for Change

The Proposed changes will:

- Allow the relevant DFO the scope to deliver increased quantities of gas to the GB market, thus benefiting security of supply; and
- Allow use of the new ultrasonic and turbine meters that px intend to install.

Recommendations

All parties are invited to consider whether they wish to submit views regarding this self-governance modification.

2 Why Change?

Energy24 Limited, in consultation with px, one of the Delivery Facility Operators (DFO) at the Teesside Aggregated System Entry Point (ASEP), is planning to increase gas flow volumes delivered to the NTS arising from a new gas field development. It is therefore necessary to amend px's NEA in order to:

- a) widen the Permitted Ranges in relation to the measurement equipment; and
- b) ensure that the Network Entry Provisions also permit, and reflect the requirement for, new ultrasonic flow meters and turbine meters that px intend to install in relation to the project.

Subject to TPD section I2.2.2(a)(i), TPD I2.2 provides that no part of the Network Entry Provisions that apply in respect of a System Entry Point can be altered without either:

- a) the written consent of all Users that hold NTS Entry Capacity at the relevant Aggregate System Entry Point on a specific date; or
- b) by way of a Code Modification.

As has been typical of similar situations in the past, option (b) is proposed due to the practical difficulties of obtaining multiple consents from a potentially large number of Users.

3 Solution

It is proposed that the following revisions are made in relation to Schedule 4, clause 2.8(a) of the the px (TGPP) Limited NEA:-

Characteristic	Unit	Current Specification (Permitted Range)	Proposed Specification (Permitted Range)
Volume Flow Rate	CM/hour	0 – 1,400,000	0 -1,458,333
Energy Flow Rate	GJ/hour	0 – 55,000	0 – 57,292

And also revisions to Schedule 4, clause 2.9(b) of the NEA as follows: -

Characteristic	Unit	Current Specification (Permitted Range)	Proposed Specification (Permitted Range)
Instantaneous standard volume flow rate	MSCM/day	0 – 32.0	0 – 35.0
Instantaneous energy flow rate	TJ/day	0 – 1,250	0 – 1,375
Integrated standard volume flow rate	MSCM/day	0 – 32.0	0 – 35.0
Integrated energy flow	TJ/day	0 – 1,250	0 – 1,375

In addition to the above amendments related to increased flow rates, changes will need to be made to the current NEA as stated below, to incorporate the new ultrasonic meters and turbine meters used to meter natural gas flows from the new North Sea gas field development. It is proposed that the following additional wording be incorporated into Schedule 4 of the existing the px (TGPP) Limited NEA via an amending side letter:

- “(a) The flow Measurement Equipment shall be designed, built and installed to BS EN 1776. Further guidance is given in the Institute of Gas Engineers’ reports IGE/GM/1 and IGE/GM/4. In addition, the following standards/guidelines shall also apply:
- (i) For orifice plate metering systems, BS EN ISO 5167;
 - (ii) For turbine metering systems, BS 7834 (ISO 9951);
 - (iii) For ultrasonic metering systems, BS 7965, BS ISO/TR 12765, AGA 9; and

- (iv) For any other metering system, such standards/guidelines as may be agreed by National Grid.
- (b) The uncertainty of the Measurement Equipments must be assessed in accordance with ISO5168 and the relevant parts of ISO5167, ISO9951 and BS 7965 as may be applicable (or such other standards as may be agreed between the Parties)."

This is the standard wording that National Grid NTS would require in any NEA where the DFO utilised turbine and ultrasonic metering systems.

4 Relevant Objectives

Implementation will better facilitate the achievement of **Relevant Objective d.**

The benefits against the Code Relevant Objectives	
Description of Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
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.	None
c) Efficient discharge of the licensee's obligations.	None
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.	See explanation below.
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.	None
f) Promotion of efficiency in the implementation and administration of the Code	None
g) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	None

Securing of effective competition

It is not believed the implementation of this proposal will have a great impact on competition. However it will support security of supply in the UK gas market, by potentially increasing UK produced supplies and therefore decreasing the reliance on European imports. The newly available supply would only be expected to be used where economic to do so, and hence implementation would facilitate the most cost effective options being adopted for bringing gas to the GB market. Implementation would, therefore, be consistent with facilitating the securing of effective competition between Shippers.

5 Impacts and Costs

Consideration of Wider Industry Impacts

No impacts, other than those identified in this Proposal for px and National Grid NTS, have been identified.

Costs

Indicative industry costs – User Pays	
Classification of the Proposal as User Pays or not and justification for classification	
This is not a User Pays Modification Proposal since no User Pays service is proposed, and no central systems costs would be incurred as a result of implementation.	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
N/A	
Proposed charge(s) for application of Users Pays charges to Shippers	
N/A	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve	
N/A	

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"> National Grid NTS would need to amend the relevant gas quantity limits in operational systems.
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"> No impact has been identified
Development, capital and operating costs	<ul style="list-style-type: none"> No impact has been identified
Contractual risks	<ul style="list-style-type: none"> No impact has been identified

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.co.uk/sites/default/files/0565.zip>

Impact on Users	
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> No impact has been identified

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> None
Development, capital and operating costs	<ul style="list-style-type: none"> None
Recovery of costs	<ul style="list-style-type: none"> None
Price regulation	<ul style="list-style-type: none"> None
Contractual risks	<ul style="list-style-type: none"> None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> Network Entry Provisions specified in the relevant NEA would be amended to reflect the new terms detailed in this Proposal.
Standards of service	<ul style="list-style-type: none"> None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> None
UNC Committees	<ul style="list-style-type: none"> None
General administration	<ul style="list-style-type: none"> None

Impact on Code	
Code section	Potential impact
	None

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> Updates to the relevant Network Entry Provisions would need to be reflected in the relevant NEA via a side letter.

Impact on UNC Related Documents and Other Referenced Documents	
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	<ul style="list-style-type: none"> None
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> None
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> None
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> None
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> None
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> None
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> None
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> None
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> None
Gas Transporter Licence	<ul style="list-style-type: none"> None

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> This Proposal will allow px the scope to deliver an increased volume of offshore reserves, potentially increasing the amount of gas available to the GB market thus benefiting security of supply.
Operation of the Total System	<ul style="list-style-type: none"> None
Industry fragmentation	<ul style="list-style-type: none"> None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> The Proposal will facilitate px's desired asset changes at its Teesside terminal.

6 Implementation

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

7 The Case for Change

Nothing in addition to that identified above.

8 Legal Text

This is an 'enabling' Modification Proposal pursuant to TPD I2.2, therefore there would be no legal text changes required to the Uniform Network Code as a consequence of implementation.

The proposed amendments to px's Network Entry Provisions are detailed within section 3.

9 Recommendation

All parties are invited to consider whether they wish to submit views regarding this self-governance modification.

The close-out date for responses is 03 February 2012, which should be sent to enquiries@gasgovernance.co.uk.

A response template, which you may wish to use, is at www.gasgovernance.co.uk/0406



Consultation Ends

Friday 03 February 2012