

Stage 03: Draft Modification Report

0423S

Removing the UNC TPD Section O requirement to publish nodal forecast data only at the same time as the Ten Year Statement

This Modification seeks to amend the UNC requirement on publishing the nodal forecast demand data such that data can be published as and when it is used in the NTS Transportation Model rather than only in strict alignment with the publication of the Ten Year Statement.



Responses invited by 10 July 2012.



High Impact: None

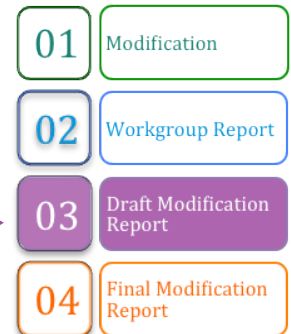


Medium Impact: None



Low Impact: Gas Shippers

At what stage is this document in the process?



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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 21 June 2012. The close-out date for responses is 10 July 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 is a self-governance modification.

Why Change?

UNC TPD Section O, paragraph 4.1.2, as amended by UNC Modification 0134V, contains restrictions on the publication of nodal forecast demand data used in NTS Entry and Exit Capacity charge setting Transportation Models. Within paragraph 4.1.2 is the requirement to publish nodal forecast data at the same time as the Ten Year Statement.

The requirement to publish nodal forecast data at the same time as the Ten Year Statement has meant that issues have been identified with using and publishing nodal forecast data which is used in National Grid NTS charge setting Transportation Models at other times of the year.

Removing the requirement to publish nodal demand data at the same time as the Ten Year Statement would allow National Grid NTS to publish the data used in charge setting activities which are more frequent and at different dates to the publication of the Ten Year Statement.

Allowing publication at more frequent times and alongside charge setting processes would provide greater transparency of the data used in charge setting and make data available to the market in a timelier manner.

National Grid NTS also believes there is an inconsistency between Modification 0134V and the legal text in Section O to the extent that no requirement to publish data only at the same time as the Ten Year Statement was stipulated in the Modification yet it was included in the legal text.

Solution

It is proposed that the final paragraph of UNC TPD Section O, paragraph 4.1.2 be amended by removing the bracketed words "(but at the same time as publishing the Ten Year Statement)".

Impacts and Costs

The modification requires a change to the UNC and only impacts National Grid NTS internal manual processes and, as there are no system impacts, no associated costs have been identified for Users.

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Implementation

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

The Case for Change

The calculation of entry capacity prices published in respect of the 2012 Quarterly System Entry Capacity auction, and modelled on Gas Year Y+3 (2014/15), has been carried out using the appropriate data, however this data cannot be published.

In addition, on 01 May 2012 National Grid NTS will publish final prices for NTS Exit (Flat) Capacity in respect of Gas Year Y+1 (2012/13), and indicative prices for NTS Exit (Flat) Capacity in respect of Gas Years Y+2 (2013/14), Y+3 (2014/15) and Y+4 (2015/16) however the data used in respect of Gas Years Y+3 and Y+4 cannot be published.

Removing the restriction on publishing nodal data at the same time as the Ten Year Statement will:

- Facilitate the publication of the forecast demand data used in the 2012 QSEC NTS Transportation Model forecast demand data;
- Facilitate the publication of the forecast demand data used in the calculation of indicative NTS Exit (Flat) Capacity prices for Gas Years Y+3 & Y+4.
- Facilitate the use, and publication, of the most up-to-date forecast demand data used to set prices for auctions of monthly entry capacity, in advance of the next Ten Year Statement;
- Going forward, promote timely provision of information to the market; and
- Improve transparency and clarity of the charge setting process.

National Grid NTS also believes there is an inconsistency between Modification 0134V and the legal text in Section O to the extent that no requirement to publish data only at the same time as the Ten Year Statement was stipulated in the Modification yet it was included in the legal text.

Recommendation

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

2 Why Change?

In July 2007 UNC Modification 0134V was approved, removing restrictions on the publication of demand forecasts at a nodal granularity that National Grid NTS uses to set indicative or final capacity charges. The publication of nodal demand data gives the necessary transparency and data to allow Users to replicate the charge setting process.

UNC TPD Section O, paragraph 4.1.2, as amended by UNC Modification 0134V does, however, contain restrictions in respect of when the publication of nodal forecast demand data used in NTS Entry and Exit Capacity price setting models can take place to the extent that publication must be at the same time as the Ten Year Statement.

The requirement to publish nodal forecast data at the same time as the Ten Year Statement has meant that issues have been identified with using and publishing nodal forecast data which is used in National Grid NTS charge setting Transportation Model at other times of the year. Whilst data can be used in the charge setting processes at certain times of each year, the specific wording of paragraph 4.1.2 prevents its publication unless it aligns with the Ten Year Statement. This inconsistency between the use and publication prevents Users having access to the most up to date forecast demand data as used in capacity charge setting at certain times of year.

Removing the requirement to publish at the same time as the charging statement would allow National Grid NTS to publish the data used in charge setting activities which are more frequent and at different dates to the publication of the Ten Year Statement.

Allowing publication at more frequent times, alongside charge setting processes would provide greater transparency of charge setting to the market and provide data to the market in a timelier manner.

National Grid NTS also believes there is an inconsistency between Modification 0134V and the legal text in Section O to the extent that no requirement to publish data only at the same time as the Ten Year Statement was stipulated in the Modification yet it was included in the legal text.

3 Solution

It is proposed that the final paragraph of UNC TPD Section O, 4.1.2 be amended by removing the bracketed words "(but at the same time as publishing the Ten Year Statement)".

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
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.	Positive
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

Better facilitates Relevant Objective (d) Securing of effective competition (i) between relevant shippers, and/or (ii) between relevant suppliers, and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

Implementation of this modification would enable Users to access the most up-to-date forecast demand data. This enables National Grid NTS to publish the data as and when the nodal exit demand forecast data is updated.

Aligning the publication of data with use in the charge setting processes would allow Users to replicate the charge setting process in a timelier manner and would provide improved transparency of data used in the setting of charges.

5 Impacts and Costs

Consideration of Wider Industry Impacts

No wider industry impacts have been identified.

Costs

Indicative industry costs – User Pays	
Classification of the modification as User Pays or not and justification for classification	
No industry implementation costs have been identified	
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"> • None
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
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> • None

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 Transporters	
Area of Transporters' business	Potential impact
System operation	• None
Development, capital and operating costs	• None
Recovery of costs	• None
Price regulation	• None
Contractual risks	• None
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
UNC TPD Section O	• Amend paragraph 4.1.2

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
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

Impact on UNC Related Documents and Other Referenced Documents	
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

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

Text

National Grid NTS has prepared the following Text at the request of the Modification Panel.

Amend the final paragraph of UNC TPD Section O, paragraph 4.1.2 as follows:

“Notwithstanding the foregoing, National Grid NTS may elect to publish all or part of the information set out above either within the Ten Year Statement or separately ~~(but at the same time as publishing the Ten Year Statement)~~.

Where National Grid elects to publish such information separately from the Ten Year Statement, National Grid NTS shall not be required to update such information at any time after publication.”

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 10 July 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/0423



Consultation Ends

On 10 July 2012

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