

Stage 01: Proposal

0XXX: OAD Section I Pressure Requests.

What stage is this document in the process?

- 01 Proposal
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

The Uniform Network Code - Offtake Arrangements Document Section I paragraph 4.2 (Agreed pressures) sets out the rules allowing National Grid Transmission to request a revised inlet pressure at an Offtake from the National Transmission System to Distribution Network on a daily basis. This Modification Proposal seeks to remove any adverse consequences of such a request, falling upon the Distribution Network Operator/s, as a result of complying with these requests. It is also proposed that as part of the annual Offtake Capacity Statement process a list of sites should be agreed between NTS and each DNO where the pressure rules will apply.



The Proposer recommends
That this Modification Proposal should proceed to the consultation phase.



High Impact:
None identified.



Medium Impact:
None identified.



Low Impact:
National Grid Transmission & Distribution Network Operators.

0xxx

Modification

Day Month Year

Version 1.0

Page 1 of 10

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Contents

- 1 Summary
- 2 Why Change?
- 3 Solution
- 4 Relevant Objectives
- 5 Impacts and Costs
- 6 Implementation
- 7 The Case for Change
- 8 Recommendation

About this document:

This document is a proposal, which will be presented by the Proposer to the Panel on XX XXXX 200X. 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.

This is a modification template. The Proposer is asked to complete at least Sections 1 to 4 (setting out what is proposed and the justification for the change). If it is proposed that the modification is issued directly to consultation, all parts of the template must be completed. If all parts are not completed these will be refined by the Workgroup process.

As Ofgem is currently conducting a Significant Code Review (SCR), a modification proposal may not be made if the subject matter of such proposal relates to a matter that is the subject of the SCR, unless Ofgem directs otherwise. Please do not, therefore, raise modifications which relate to the SCR.

If the impact of the modification on greenhouse gas emissions is likely to be material, please assess the quantifiable impact in accordance with the Carbon Costs Guidance (published by Ofgem).

The Joint Office will be available to help and support the drafting of any modifications, including guidance on completion of this template and the wider modification process. Contact: enquiries@gasgovernance.co.uk or 0121 623 2115.

xoserve will also be available to help and support the drafting of any modifications which impact central systems, including guidance on potential systems impacts and the drafting of business rules which reflect system capabilities. Contact: commercial.enquiries@xoserve.com.



3 **Any questions?**

5 Contact:

5 **Joint Office**

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Transporter:
National Grid Gas
Distribution.

0xxx

Modification

Day Month Year

Version 1.0

Page 2 of 10

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1 Summary

Is this a Self Governance Modification

National Grid Distribution (NGD) believes that this Proposal is a candidate for self governance since 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;

NGD also believes implementation would not discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

Consequently, NGD requests that this Proposal is treated as a Self Governance Modification Proposal.

Why Change?

Currently requests for revised pressure are required for all Offtakes regardless of their criticality to the National Transmission System (NTS) or to the DNO. A list of only the relevant offtakes to which pressure rules would apply would benefit both parties because it would reduce unnecessary workload and refine the processes.

NTS can request a lower pressure at an Offtake (the requested Offtake) that meets the safe and efficient rule, thus cannot be refused (and causes no specific issues at that Offtake for the DNO) but causes the DNO to operate a different Offtake in the same LDZ above the booked Maximum Daily Quantity (MDQ).

This can also cause a breach of the notice period required for the revised Offtake Profile Notice that reflects the flow change at the affected Offtakes (OAD Section I2.3.1) and a breach of the Offtake tolerance for an individual Offtake and aggregate tolerance across the LDZ (OAD 3.1). It may also cause a deemed application (UNC B3.2.25) for Enduring Annual NTS Exit (Flat) Capacity and subsequent User commitment.

These adverse impacts do little to assist either the upstream or the downstream Transporter in achieving their objectives of operating their respective networks efficiently. There is little justification for the current rules and collectively all parties feel that it is appropriate to introduce rules which are more consistent with achieving the actual requirements without creating adverse impacts and giving inaccurate signals for NTS investment.

Solution



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0xxx

Modification

Day Month Year

Version 1.0

Page 3 of 10

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It is proposed that where the DNO complies with a request from NTS to accept pressure at an Offtake below the Agreed pressure (OAD I4.2.5) that any related breaches/deemed applications at that Offtake, or any associated Offtakes, will be disregarded. For the avoidance of doubt these will include:

- A breach of MDQ at the "requested Offtake" or an associated Offtake in the same LDZ.
- A breach of the notice periods required for revised OPNs
- A breach of the Offtake tolerance criteria for an individual Offtake or of the aggregate tolerance across the affected LDZ
- A deemed application for Enduring NTS Exit (Flat) Capacity.
- A breach of the Maximum Daily Quantity.

It is also proposed that as part of the annual Offtake Capacity Statement process a list of sites should be agreed between NTS and each DNO where the pressure rules will apply.

Impacts & Costs

Removal of unnecessary processes will reduce workload and consequential costs.

There would be no significant costs associated with implementation of this revised regime.

Implementation

Implementation can become effective immediately following approval of this Proposal.

The Case for Change

The Proposer believes that by amending the contract in a way which allows both the upstream and downstream Transporters to more effectively operate their systems in line with true requirements and equitable constraints is consistent with the promotion of A11.1 (a) & (b).

The Proposer also believes that amending the existing rules which have no sound basis is consistent with the promotion of SSC A11.1 (f).

Recommendations

This Modification Proposal has been developed within the Offtake Arrangements Workstream as part of Code Review Proposal No 0316: Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows. It is recommended that it should now proceed to consultation.

0xxx

Modification

Day Month Year

Version 1.0

Page 4 of 10

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2 Why Change?

The existing Offtake Arrangement Document (OAD) rules are prescriptive in respect of the pressure requests and requirements within which all parties must operate. They do not necessarily meet the requirements of the affected parties. As part of the review of Section I, other timeframes and pressure requests terms have been considered with the aim of providing the certainty required for all Transporters when operating their systems. The consequences of amended pressures have also been considered and this Modification Proposal is primarily aimed at addressing some of these consequences.

National Grid Transmission (NTS) may request the DNO to reduce the requested pressure in an initial pressure request or the prevailing Agreed pressure at an Offtake which, to facilitate, causes the Downstream Transporter to breach the Maximum Daily Quantity (MDQ) at one or more other Offtakes in the same LDZ. Complying with this request may result in the DN breaching other tolerances within the OAD: Offtake tolerances; OPN revision tolerances and flow tolerances (OAD Section I.2 &3). It is important to ensure that the Downstream Transporter is not adversely penalised either as a result of facilitating a request by NTS, or as a result of NTS delivering lower than Agreed pressures. The rules surrounding pressure apply to all Offtakes regardless of their size. The only defence which allows rejection of a revised pressure request is if compliance with the request is not consistent with the safe and efficient operation of the LDZ (OAD Section I4.2.6).

Some offtakes do not necessarily need to be part of this process because they may either be in a similar location on the NTS to a large offtake and therefore subject to the same pressure provision by association or they may require much lower pressures than some of the larger ones and therefore do not need to be taken into account.

There are some operational reasons e.g. maintenance where the DNO may require higher than assured (Agreed?) pressures at some Offtakes which may cause an MDQ overrun at these offtakes. Also if the pressure is not available this may result in an MDQ breach and a deemed application.

3 Solution

Where NTS has requested a pressure below Agreed pressure, for any offtake within an LDZ, it is proposed that MDQ Overrun Charges (NTS Exit Flat Overrun Charges? TPD B1.3.1)) shall not apply and that the notice periods for revised Offtake Profile Notices would not apply and that Offtake flow tolerance breaches will also not apply at that Offtake or within that LDZ. The dis-application of these rules is also proposed where NTS delivers less than the agreed pressures. Any deemed application and subsequent user commitments should also not apply.

It is also proposed that as part of the annual Offtake Capacity Statement process a list of sites should be agreed between NTS and each DNO where the pressure rules will apply.

Where the DNO requires a higher pressure or the NTS requires a lower than agreed pressure for an operational reason, both parties must endeavour to give as much notice as possible. Where this has been agreed by NTS and the DNO in these circumstances any MDQ overruns charges (as above) and deemed applications or tolerance breaches shall not apply.



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0xxx

Modification

Day Month Year

Version 1.0

Page 5 of 10

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Where NTS requires a lower than Assured Pressure any tolerance breaches shall also not apply.

4 Relevant Objectives



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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.	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.	yes
c) Efficient discharge of the licensee's obligations.	no
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.	no
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.	no
f) Promotion of efficiency in the implementation and administration of the Code	yes

NGD believes that it is appropriate to amend the contract to ensure that the party facilitating a request in line with the requirements of the contract should not be adversely impacted as a result. Currently the consequences of compliance with a revised pressure request may discourage compliance with that request. As a consequence to amend them to the satisfaction of affected parties ensures that managing pressures can be done to the satisfaction of both the upstream and downstream Transporters. This is consistent with the achievement of the following Relevant Objectives:-

A11.1

- 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; &
- (f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

0xxx

Modification

Day Month Year

Version 1.0

Page 6 of 10

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5 Impacts and Costs



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Costs

Some minor one off costs will be associated with amending procedures.

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"> Some changes would be introduced to the Upstream and downstream daily and annual processes.
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

0xxx

Modification

Day Month Year

Version 1.0

Page 7 of 10

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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 Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> Any processes associated with revised pressures will be affected. Any calculations which are required as a result of an MDQ breach will be amended.
Development, capital and operating costs	<ul style="list-style-type: none"> Not significant
Recovery of costs	<ul style="list-style-type: none"> None proposed
Price regulation	<ul style="list-style-type: none"> Any amendment to the contract which potentially alters the risk profile of the contract may be considered as part of price regulation. It is not anticipated that will have a significant impact.
Contractual risks	<ul style="list-style-type: none"> This Proposal, if implemented, would reduce contractual risks for DNO whilst not significantly affecting the risk profile for NTS.
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> None.
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
OAD Section I	
All references to be identified.	

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact

0xxx

Modification

Day Month Year

Version 1.0

Page 8 of 10

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Impact on UNC Related Documents and Other Referenced Documents	
Network Entry Agreement (TPD I1.3)	
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	
Storage Connection Agreement (TPD R1.3.1)	
UK Link Manual (TPD U1.4)	
Network Code Operations Reporting Manual (TPD V12)	
Network Code Validation Rules (TPD V12)	
ECQ Methodology (TPD V12)	
Measurement Error Notification Guidelines (TPD V12)	
Energy Balancing Credit Rules (TPD X2.1)	
Uniform Network Code Standards of Service (Various)	

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	This proposal, if implemented would facilitate better alignment of the upstream and downstream transporters systems.
Industry fragmentation	None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	None.

6 Implementation

Implementation could be effective immediately following approval of this Modification Proposal.



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7 The Case for Change

Advantages

Allows NTS and the DNOs to effectively manage pressures thus optimising pressures and ensuring a co-ordinated approach to system management.

Disadvantages

None identified.



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8 Recommendation

The Proposer invites the Panel to:

- DETERMINE that Modification XXXX proceed to consultation.



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0xxx

Modification

Day Month Year

Version 1.0

Page 10 of 10

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