

CODE MODIFICATION PROPOSAL No. xxx
"Revised Tender Timescale for DN Interruption Arrangements"
Version 0.1

Date: [7/08/2007]

Proposed Implementation Date: 1/12/2007

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

[Following discussion of this proposal at Distribution Workstream on 23/08/07 and Transmission Workstream on 6/09/07] the Proposer seeks that this Modification Proposal proceeds to consultation, in accordance with Section 7.2.3 of the Modification Rules in the UNC.

Nature and Purpose of Proposal (including consequence of non implementation)

This Proposal seeks to revise the timetable for tendering for interruption rights to better fit the timescales for applying for NTS Exit Capacity. Presently the revised interruption arrangements to be implemented on 1 April 2008 stipulate that the annual tender for interruption rights shall take place in June each year with Interruption requirements being published not less than 28 days earlier. These timescales allow little time for analysis and application for NTS exit capacity which under the present arrangements has to be completed before the end of July. This proposal seeks to bring forward the timing of the annual tender for interruptible rights such that it is conducted in May each year with interruption requirements being published in April. This would allow a better fit with the timescales for the application of NTS Exit Capacity.

Under the proposal it is anticipated that the schedule for 2008 annual tender for interruptible rights would be:

April 7	Publish Interruption requirements
May 5	Bid Window opens
May 16	Bid Window closes
July 16	Notification of tender results
End July	Submit NTS Exit Capacity Request

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

The Proposer considers that this Proposal would, if implemented, better facilitate the following Relevant Objectives as set out in their Gas Transporter Licences:

- in respect of paragraphs A11.1(a), implementation of this Proposal would better enable DNs to determine their interruption and capacity requirements that they need to meet their 1 in 20 licence obligation. This would allow the DNs to make informed decisions about investment in their networks and would better facilitate the efficient and economic operation of the DNs.
- in respect of paragraph A11.1(b), implementation of this Proposal would better facilitate the co-ordinated, efficient and economic operation of the combined pipeline system by enabling DNs to request efficient levels of capacity from NTS.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

a. Proposed implementation timetable

The Proposer believes the following timetable should be adopted:

Draft Modification Proposal Raised	
Present to Workstreams	23/08/2007 and 6/09/07
Modification Panel agree consultation timetable	20/09/2007
DMR issued for consultation	27/09/2007
Close out of representations (15 days)	18/10/2007
FMR issued to Joint Office (15 days)	08/11/2007
Modification Panel decide upon recommendation	15/11/2007
Ofgem decision expected	01/12/2007

b. Proposed legal text

Legal text to be appended to the Proposal.

c. Advantages of the Proposal

The Proposer believes that implementation of this Proposal:

- would better enable DNs to carry out analysis to enable more economic and efficient trade-offs between interruption and investment in DN networks and procuring NTS capacity

d. Disadvantages of the Proposal

The Proposer does not believe that there are any disadvantages of the Proposal although it could be argued that the revised timing would mean that the DNs are losing demand forecast information (normally available from NTS at the end of May). However, because the tender for interruptible rights is three years ahead of use DNs would not be able to use

the May demand forecast under the existing timescales and therefore it is felt that this risk is negligible. Also, some Users may feel that by bringing forward the timing of the tender then the publication of the results of the tender should also be brought forward. However, if this were to form part of the Proposal the Proposer believes that this would not allow the DNs the extra analysis time they need and would negate the purpose of the Proposal.

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

The Proposer does not believe this Proposal, if implemented, would adversely impact security of supply, operation of the Total System, or industry fragmentation.

f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including

i. implications for operation of the System

The Proposer does not believe this Proposal, if implemented, would adversely affect the operation of the System.

ii. development and capital cost and operating cost implications

The Proposer believes this Proposal, if implemented, would not have any capital cost or operating cost implications.

iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs

The Proposer does not believe there are any additional costs of implementing this proposal.

iv. analysis of the consequences (if any) this proposal would have on price regulation

The Proposer does not believe this Proposal, if implemented, would have any consequences on price regulation.

g. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

The Proposer believes that implementation of the Proposal would reduce the contractual risk that the DNs would be exposed by allowing the DNs the opportunity to better determine the capacity rights that they require. The NTS Transporter should not be affected by this Proposal.

h. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

The UK-Link systems should not be affected by this Proposal over and above those changes required by the implementation of Modification Proposal 0090. There may be an issue in terms of the timing for the development of the tender system, although xoserve, as system service provider, are aware of the proposed new timings.

i. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

Nothing has been brought to the attention of the Proposer to suggest that Users would incur additional costs or risks under the Uniform Network Code as a result of implementing the Proposal.

Code Concerned, sections and paragraphs

UNC The Principal Document, Section G

Proposer's Representative

Phil Lawton (National Grid Gas Distribution)

Proposer

Mark Freeman (National Grid Gas Distribution)

Signature

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