

Draft Modification Report
Amendment to the minimum notice required for UK Link changes
Modification Reference Number 0010(0735)

Version 2.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 9.6.

1. The Modification Proposal

This modification proposes to amend the normal minimum implementation period for any change appearing on the UK Link implementation plan. This would bring the Network Code into alignment with the Supply Point Administration Agreement (SPAA) and also to the practices adopted in Electricity, both of which also have 3 scheduled releases (February, June and November). This modification would therefore help all parties when planning implementation activity. The current minimum three months' notice does not take account of most parties' own internal existing IT rolling programmes which normally make it unrealistic to implement changes at such short notice, bearing in mind that in that time they have to do analysis, development, testing and training. To amend Paragraph 8.6.1 (b) in Section U. The existing paragraph currently says:-

(Transco) fails to provide UK Link Users with an indicative timetable for implementing the modification and the implementation date for the modification set out in such timetable is for less than 3 months from the giving of such notice, Transco will pay to each UK Link User £500.

It is proposed to amend the Network Code to state that: Transco must provide UK Link Users with an indicative timetable for implementing a modification and the implementation date for the modification set out in such timetable should be for not less than 6 months minimum for changes impacting systems and software; 4 months minimum for changes impacting operational procedures; or 2 months minimum for changes to documentation only. The minimum period is calculated from the date of agreement by the UK Link Committee. The UK Link Committee can reduce these minimum periods at its discretion.

The UK Link Committee will agree 3 formal releases per year. Change initiators are responsible for proposing implementation dates and are requested to align with the release schedule unless circumstances dictate otherwise.

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Transco does not believe that this proposal is required, as it is felt that the proposal is a change to working practice rather than a change to Network Code.

We believe the current method of implementation of Modifications and changes works effectively, however we appreciate there is a requirement that some changes require longer than the current 3 Month notification, thus Transco propose to produce a process that will allow the UK-Link Committee to have more input regarding implementation dates. Presently a large percentage of changes can be implemented at the customers discretion, and they are not tied in to the Transco Implementation dates.

There are currently not a high number of modifications or changes being implemented, this is likely to decrease further in the future.

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

The proposer states that "Implementation of this modification would help all parties schedule UK Link changes in an efficient, economic, and orderly manner". Transco does not agree with this statement as it is felt that by moving to a fixed release schedule will create unavoidable periods of peak workload, followed by potentially quiet periods of inactivity. Obviously by moving to this method of implementation there are additional associated costs that need to be considered.

With regards to releases it is not clear how the three levels are defined. i.e. what constitutes each of these levels. Assuming that each user has different systems, does the notice period get defined by the user most impacted - i.e. it takes one user to state that this impacts the systems and we are into the automatic 6 month period.

From a planning perspective Transco are unable to ascertain how shippers will classify the changes, therefore, will have to assume 6 months.

With regards to the part of the modification that refers to bringing the Network Code into alignment with the Supply Point Administration Agreement (SPAA), Transco acknowledge that we are signatories of SPAA - but the scope of SPAA does not fit with the Network Code Manual, with SPAA being smaller. It does not seem a logical argument that you change the larger scope to fit with the smaller.

4. The implications for Transporters and each Transporter of implementing the Modification Proposal, including

a) implications for operation of the System:

Transco is not aware of any implications for operation of the System.

b) development and capital cost and operating cost implications:

Transco is concerned that implementing the proposal would mean additional resources would be required, possibly for longer periods of time depending on the release dates. This would occur additional costs.

Releases may have to be split depending on the outcome of testing, this would also incur additional costs.

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

Transco does not intend to recover any development costs from Users.

d) analysis of the consequences (if any) this proposal would have on price regulation:

Transco is not aware of any consequences this Proposal would have on price regulation.

5. 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

Implementation of this Modification Proposal would not affect Transco's contractual risk under the Network Code.

6. 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

In terms of the releases, given the complexity of Transco systems and greater Development lead times of releases, it would appear to have an opposite effect of that proposed in the modification, i.e. increase in cost, reduction in efficiency. Previous release programmes were more resource intensive.

Transco are concerned that if the lead time of six Months is required for System changes, some code may need to be retained, and then retested prior to implementation. There is also the concern that due to fixed implementation dates some code will require parallel development, (code being worked on by two different parties). There is also a concern when part of the release does not get signed off at testing, it will have to be withdrawn from the release, this may have serious implications to the remainder of the release being implemented.

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

Transco users may have to wait longer than they currently do for system enhancements.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

Transco is not aware of any such implications.

9. Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

Transco is unaware of any effect on the legislative and regulatory obligations and contractual relationships of Transco and each User and non-Network Code party of implementing the Modification Proposal.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages.

- Structured Release dates

- Liabilities would no longer be charged

Disadvantages.

- The clause within the proposal that states “The UK Link Committee can reduce these minimum periods at its discretion”. This removes one of the stated benefits of the modification, which is the ability to better schedule changes. Also from a planning perspective it makes it difficult to plan efficiently.
- Development teams may have to be retained on the project longer than necessary due to the long lead times, incurring additional associated costs.
- May have a major effect on the stability of the release if a modification has to be withdrawn at a late stage.
- Large teams may be made available for a few minor changes or modifications, incurring additional costs.
- From a planning perspective Transco will be unable to ascertain how shippers will classify the changes, therefore, will have to assume 6 months.

11. Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Transco now invites representations to this Modification Proposal.

12. The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

Transco does not believe that implementation of this Modification Proposal is required to enable Transco to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

Transco does not believe that implementation of this Modification Proposal is required in respect of any proposed change in the methodology established under Standard Condition 4(5) of the Statement; furnished by Transco under Standard Condition 4(1) of the Licence.

14. Programme for works required as a consequence of implementing the Modification Proposal

If the proposal is implemented Project teams will have to review their implementation strategy.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

Transco does not recommend implementation and therefore no implementation timetable is proposed.

16. Implications of implementing this Modification Proposal upon existing Code Standards of Service

17. Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel

Transco does not recommend implementation of this proposal as there is not a fundamental problem with the current agreed process. Transco believe this is a change to working practice rather than a Network code change, therefore Transco are proposing a process that will give the UK-Link committee more flexibility in agreeing implementation dates. We feel this approach will be sufficient in addressing the concerns of the committee and thus ensuring an effective and efficient method of working.

19. Text

Transco does not recommend implementation and therefore no legal text has been prepared.

Representations are now sought in respect of this Draft Report and prior to the Transporters finalising the Report

Subject Matter Expert sign off:

I confirm that I have prepared this modification report in accordance with the Modification Rules.

Signature:

Date :

Signed for and on behalf of Relevant Gas Transporters:

Paul Hastings
IS & Business Support Manager

Signature:

Date :