

**DRAFT CODE MODIFICATION PROPOSAL No. 00XX**  
“Amendment of Interconnector UK’s Meter Flow Rates”  
Version 0.4

**Date:** 6<sup>th</sup> July 2006

**Proposed Implementation Date:** September 2006

**Urgency:** Non-Urgent

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

The Proposer recommends that this Proposal should proceed direct to consultation with a [5, 10 or 15] day consultation period.

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

As part of an importation capacity expansion of the Bacton Interconnector that is taking place this year, an upgrade of Interconnector UK Ltd’s (IUK) fiscal metering system at Bacton has been required. This upgrade requires that some technical parameters of IUK’s Network Entry Provisions (NEPs) be amended.

IUK’s NEPs are contained within its Interconnection Agreement (IA). It is therefore proposed that Annex D, Part 4, Table 1 of IUK’s IA – from which the table below is an extract – is amended as follows:

	Original range	Upgraded range
Primary Meters Volume Flow Rate (Nm <sup>3</sup> /hour)	86,765 – 2,659,246	86,765 – 3,500,000
Primary Meters Energy Flow Rate (MJ/hour)	3,375,139 – 118,602,357	3,375,139 – 140,000,000

Section I2.2 of the UNC Transportation Principal Document provides that the prevailing NEPs at a System Entry Point (SEP) may only be amended either with the written consent of all Users who hold NTS Entry Capacity at the Aggregate System Entry Point (ASEP) in which the relevant SEP is comprised or by way of a Code Modification. The Proposer wishes to effect this proposed change to IUK’s IA by implementation of this Proposal.

If this Proposal is not implemented, the flow rate data in IUK’s IA will remain incorrect which may hinder the delivery of additional gas supplies to the UK, to the detriment of security of supply.

**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**

In the Executive Summary of its Winter 2006/7 Consultation Document, National Grid states that, “the supply-demand outlook for 2006/07 is particularly uncertain, and it is not clear at this stage whether the position will be more or less tight than it was in 2005/06”.

Against this background, the upgrade of the Belgian Interconnector is one of four key projects highlighted in that report that are capable of enhancing security of supply for this winter, subject to their timely completion. IUK’s peak import capability is expected to increase from 48 mscmd to 68 mscmd, which this Proposal directly seeks to facilitate.

Such enhanced supply capability is expected to better facilitate the securing of effective competition between relevant shippers and suppliers and should also help to mitigate the risk of excessive gas prices this winter, thereby better facilitating the efficient and economic operation of the pipe-line system.

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

**a. Proposed implementation timetable**

[Either a 15 day consultation period:

6 <sup>th</sup> July 2006	Table draft Modification Proposal at Transmission Workstream
11 <sup>th</sup> July 2006	Raise Modification Proposal and submit to Modification Panel with a recommendation that the Proposal proceeds direct to consultation with a 15 day consultation period
20 <sup>th</sup> July 2006	Modification Panel decision to send the Proposal direct to consultation with a 15 day consultation period
27 <sup>th</sup> July 2006	Issue Draft Final Modification Report for consultation
18 <sup>th</sup> August 2006	Close out of representations
31 <sup>st</sup> August 2006	Submit Final Modification Report to Modification Panel
21 <sup>st</sup> September 2006	Modification Panel recommendation to implement the Proposal
October 2006	Ofgem decision to implement the Proposal
October 2006	Amend IUK’s IA.

Or a 10 day consultation period:

6 <sup>th</sup> July 2006	Table draft Modification Proposal at Transmission Workstream
11 <sup>th</sup> July 2006	Raise Modification Proposal and submit to Modification Panel with a recommendation that the Proposal proceeds direct to consultation with a 10 day consultation period
20 <sup>th</sup> July 2006	Modification Panel decision to send the Proposal direct to consultation with a 10 day consultation period
24 <sup>th</sup> July 2006	Issue Draft Final Modification Report for consultation
7 <sup>th</sup> August 2006	Close out of representations
9 <sup>th</sup> August 2006	Submit Final Modification Report to Modification Panel
17 <sup>th</sup> August 2006	Modification Panel recommendation to implement the Proposal
September 2006	Ofgem decision to implement the Proposal
September 2006	Amend IUK's IA.

Or a 5 day consultation period:

6 <sup>th</sup> July 2006	Table draft Modification Proposal at Transmission Workstream
11 <sup>th</sup> July 2006	Raise Modification Proposal and submit to Modification Panel with a recommendation that the Proposal proceeds direct to consultation with a 10 day consultation period
20 <sup>th</sup> July 2006	Modification Panel decision to send the Proposal direct to consultation with a 10 day consultation period
26 <sup>th</sup> July 2006	Issue Draft Final Modification Report for consultation
3 <sup>rd</sup> August 2006	Close out of representations
9 <sup>th</sup> August 2006	Submit Final Modification Report to Modification Panel
17 <sup>th</sup> August 2006	Modification Panel recommendation to implement the Proposal
September 2006	Ofgem decision to implement the Proposal
September 2006	Amend IUK's IA.]

**b. Proposed legal text**

Implementation would be effected by a modification to IUK's IA, therefore legal text is not required.

**c. Advantages of the Proposal**

Implementation of this Proposal would contractually recognise the potential for higher import flow rates through the Bacton Interconnector, which National Grid NTS believes would both enhance security of supply and mitigate the risk of excessive gas prices this winter.

**d. Disadvantages of the Proposal**

National Grid NTS is unaware of any disadvantages.

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

National Grid NTS believes that this Proposal, if implemented, would enhance security of supply by facilitating additional volumes of gas to flow into the Total System.

National Grid NTS is unaware of any implications connected with industry fragmentation.

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

**i) implications for the operation of the System**

NTS telemetry systems require re-ranging and associated end-to-end tests need to be performed. Subject to these tests proving successful and the receipt of satisfactory measurement uncertainty calculations from IUK, National Grid NTS has agreed to accommodate IUK's metering equipment upgrade as described in this Proposal. The present measurement accuracy tolerance percentages required of IUK's metering equipment will remain unchanged.

National Grid NTS is unaware of any implications for other Transporters of implementing the Proposal.

**ii) development and capital cost and operating cost implications**

No development, capital or operating costs are expected to be incurred by Transporters or Users as a consequence of implementing this Proposal.

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

National Grid NTS does not believe that this Proposal, if implemented, requires it to recover any additional costs.

**iv) analysis of the consequences (if any) this Proposal would have on price regulation**

National Grid NTS does not believe that 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**

National Grid NTS considers that implementation of this Proposal would have no effect on the level of contractual risk of each Transporter.

**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**

National Grid NTS does not envisage any impact on the UK Link System if this Proposal were to be implemented.

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

National Grid NTS considers that implementation of this Proposal will not affect the administrative and operational costs of Users, nor their level of contractual risk.

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

National Grid NTS considers that this Proposal will impact the IUK terminal operator but none of the above groups in generality.

**Code Concerned, sections and paragraphs**

UNC Transportation Principal Document, Section I2.2

**Proposer's Representative**

Phil Hobbins (National Grid NTS)

**Proposer**

Richard Court (National Grid NTS)

**Signature**

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