

DRAFT CODE MODIFICATION PROPOSAL No. 00XX
“Amendment of Interconnector UK's Network Entry Provisions”
Version 0.2

Date: 7th June 2007

Proposed Implementation Date: 1st September 2007

Urgency: Non-Urgent

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

Subject to the recommendation of the Transmission Workstream, the Proposer requests that this Proposal proceed direct to Consultation

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 is required. This upgrade, which is scheduled to be implemented in September 2007, 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 to make the following change to Annex D, Part 4, Table 1 of IUK's IA – from which the table below is an extract:

	Current range	Upgraded range
Primary Meters Volume Flow Rate (Nm ³ /hour)	86,765 – 3,500,000	[IUK to advise]
Primary Meters Energy Flow Rate (MJ/hour)	3,375,139 – 140,000,000	[IUK to advise]

It is also proposed to update the standards to be used for the determination of volume and energy measurement uncertainties from EN ISO 5167-1:1991 to EN ISO 5167-1:2003 and EN ISO 5167-2:2003 and from EN ISO 5168:1978 to EN ISO 5168:2005 by suitable amendment to Annex D, part 1, paragraph 3.2.

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 Uniform Network 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 become 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

Under phase III of IUK's Interconnector Enhancement Project, the approximate import capacity of the Interconnector is expected to increase to 25.5 bcm/year, 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 between suppliers and should also help to further mitigate any 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

1st September 2007.

b. Proposed legal text

Implementation would be effected by a modification to the text of IUK's IA, therefore legal UNC 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 any 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 will require re-ranging and associated end-to-end tests will 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

National Grid NTS

Signature

.....