

CODE MODIFICATION PROPOSAL No.
"Provision of Available Interruption Information"
Version 1.0

Date: 04/08/2005

Proposed Implementation Date: 20/10/2005

Urgency: Non-urgent

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

Transco NTS seeks the Modification Proposal to proceed direct to consultation in accordance with the modification procedures in paragraph 7.3 of the UNC Modification Rules.

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

The proposal is that DNOs be required to provide, each Day, to Transco NTS their best estimate of the gas flows that will be available for Interruption in each LDZ. This information is currently derived from the "Interruption Manager" software run by Distribution National Control Centre "DNCC". To ensure that Transco NTS has the information it requires for the coming winter implementation is required no later than October 2005.

The Offtake Arrangements Document "OAD" provides for the provision of information on the capacity available for interruption based upon Supply Point Capacities (SOQs). However, in practice SOQs are of limited use to Transco NTS's (and the DNO's) control centres; generally they overstate the available interruption capacity. Prior to Network sales "Interruption Manager", which uses actual flow measurements, was available to the whole of Transco. The information is now only available to DNOs (through the DNCC).

The purpose of the proposal is to ensure that Transco NTS receives the same quality of interruption information as was available prior to Network sales thereby ensuring that demand management actions made in response to Emergencies and/or Transportation Constraints are made using the most accurate information available.

Non-implementation of this Proposal would result in a reduction in the quality of information available to Transco NTS compared to that available prior to the separation of Transco NTS from the Distribution Networks. This will increase uncertainty and the risk of inequitable, ill informed, or ineffective demand management actions when dealing with Emergency or transportation constraints.

There will be a risk that, where an interruption is called and the actual reduction in the offtake of gas from the System is less than available information suggests is likely, this could exacerbate any Emergency or further reduce security of Network transportation capability because additional (but delayed) demand management actions will be necessary. As these additional actions will be a

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significant time after they were initially required other, more drastic, actions may also be required (e.g. Firm load shedding of large NTS loads (Emergency Stage 3 action) or even restricted allocation of supplies to LDZs (Emergency Stage 4)) to prevent failure of supply to the Networks and NTS Direct Connects.

Failure to take actions in a timely manner could also result in system pressures falling below meter design conditions with a consequent impact on meter accuracy leading to increased shrinkage and inadequate odorant levels.

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.

Transco NTS considers the Proposal would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence:

- in respect of paragraph A11.1(a), the Proposal would facilitate the efficient and economic operation of the NTS pipe-line system by enabling Emergency and capacity management decisions to be made using more accurate information than would otherwise be the case; and
- in respect of paragraph A11.1(b), the Proposal would facilitate the coordinated, efficient and economic operation of the combined pipe-line system by increasing the effectiveness of interruptions within distribution networks where initiated by Transco NTS.

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

Advantages of the Proposal

The provision of timely, accurate and meaningful information is critical to the safe, economic and efficient operation of the System. This proposal will ensure that information of a quality available to Transco NTS before Network sales will continue to be available. This will ensure that Emergency and capacity management actions are taken in the light of the best available information, thereby minimizing the risk that such actions will lead to ineffective and/or uneconomic interruptions.

Disadvantages of the Proposal

Transco NTS does not envisage any disadvantages.

Proposed legal text

It is proposed that Section I 5 of UNC Offtake Arrangements Document is amended by the addition of a new sub-paragraph 5.1.4 (with the existing 5.1.4 being re-numbered 5.1.5) to read:

"5.1.4 Each DNO shall, in respect of each Day, provide to Transco NTS, by 18:00 hours on the Preceding Day, a statement of the DNO's best estimate of the aggregate daily gas

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flows at Interruptible LDZ Supply Points in each LDZ that will be available for
Interruption on that Day."

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

Transco NTS does not believe this Proposal, if implemented, would have implications for industry fragmentation.

Transco NTS believes that, if implemented, this Modification Proposal will increase security of supply within DNs by ensuring that interruption requests are more effective thereby minimising the risk that adequate pressures to DNs cannot be maintained.

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

a) implications for operation of the System:

This proposal will ensure that information of a quality available to Transco NTS before Network sales will continue to be available. This will ensure that transportation capacity management actions are taken in the light of the best available information, thereby minimizing the risk that such actions will lead to ineffective and/or uneconomic interruptions.

b) development and capital cost and operating cost implications:

Transco NTS believes this Proposal, if implemented, would have no development or capital cost implications. There would be a small marginal cost to DNCC in producing the required information and forwarding this to Transco NTS. They may seek to pass this on to DNOs.

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

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

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

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

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

Transco NTS does not envisage any such consequences.

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

Transco NTS does not envisage any such consequences.

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

Transco NTS does not envisage any such consequences.
No systems or process impacts have been identified.

Proposed implementation Timetable

Transco NTS believes the following timetable should be adopted:

Action	Due Date
Submit Modification Proposal for August Mod Panel	18/08/05
Draft Mod Report Issued for consultation	01/09/05
Consultation close-out	22/09/05
Final Mod Report Issued	06/10/05
Panel recommendation	20/10/05
Ofgem Decision	October 05

Code Concerned, sections and paragraphs

UNC OAD Section I paragraph 5

Proposer's Representative

Andrew Fox

Proposer

Richard Court

Signature

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