

UNC Modification 390

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Background

- UNC Modification 390 was implemented in 2012
- This introduced to code a process whereby DNOs provide reports to shippers by the end of April each year of sites where the SHQ/SPOR (maximum instantaneous rate in kWh/hour) appears significantly under- or overstated compared against actual usage.
- An obligation was placed on shippers to review the amended SHQ/SPOR amounts with customers and respond to the DNOs within 3 months to say whether or not they agreed to the amended values
- This modification was promoted by SGN in response to a request from Ofgem following identification of reinforcement requirements associated with the introduction of MOD90

2012 Experience

	No. of Sites	No. of Changes	No. not Changing
Shipper 1	23	2	21
Shipper 2	5	1	4
Shipper 3	13	0	13
<ul style="list-style-type: none">• 9 Shippers did not respond• Agreement in only 2.1% of sites.• In all some 142 sites were identified, spread over some 12 Shippers			

- Limited engagement by shippers
- SGN issued reminders on 3 occasions
- Level of response disappointing

Benefits of the SHQ review

Where the SPOR provided via the Shipper is too high compared to the actual required offtake rate, this may result in:

- Sterilisation of network system capacity
- Unnecessary general network reinforcement resulting in unnecessary cost to the industry as a whole.
- Unnecessary specific network reinforcement resulting in unnecessary cost to the end consumer

Where the SPOR provided via the Shipper is too low compared to the actual required offtake rate, this may result in:

- Security of supply issues due to the gas network not being able to cope with the demand placed upon it.
- Safety issues related to failure to supply risk for the wider network.

Next Steps

- The 2013 reports are due to be issued next week
- Relevant shipper contacts require updating
- SGN believes there is an obligation on all parties to comply with the requirements and in this way work together to reduce industry costs. What can SGN do to help shippers in this respect?
- Shipper responses to the DNO reports are required by end of July 2013