

CODE MODIFICATION PROPOSAL No xxxx
Change to Measurement Provisions Change Process
Version x.x

Date: 30/07/2007

Proposed Implementation Date: 01/11/2007

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

Background

Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Proposal). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk () when first used. This Modification Proposal*, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

Under sections I2.2, J5.2 and J6.4 of the Uniform Network Code (UNC), no part of a Network Entry Agreement* (NEA) or Network Exit Agreement* (NExA) can be altered without either the written consent of all Users* at the System Point or by way of a UNC Modification Proposal (for the avoidance of doubt, Storage Connection Agreements* and Interconnector Agreements are deemed to be both NEA and NExA as applicable). Typically, amendments have in the past been progressed as UNC modifications due to the practical issues of obtaining multiple consents from a large number of Users.

The Measurement Provisions* section within every NEA and NExA contains technical details of the metering, sampling, analysis and other equipment required at the System Point. Since August 2006 there have been three Modification Proposals raised to change the Measurement Provisions in different NEAs, increasing the Permitted Ranges* for metering and updating references to metering standards¹. As the number of Entry and Exit Points with multiple Users increases and the sites themselves expand, there are likely to be more Modifications of this type raised and hence the Modification process will become more congested.

The Proposal

It is proposed that to improve the efficiency of the Modifications process, the UNC is amended to allow the Permitted Ranges within the Measurement

¹ Mod 93: Amendment of Interconnector UK's Meter Flow Rate; Mod 110: Amendment of PX's Network Entry Agreement; Mod 153: Amendment of Interconnector UK's Network Entry Provisions

Provisions section of a NEA or NExA to be increased with only the agreement of the Relevant Transporter* and the Site Operator, and that the term Site Operator is defined within the UNC as including Delivery Facility Operator*, Connected System Operator*, Storage Operator* and Gas Consumer*. The relevant Transporter will notify the relevant Users at the site of the proposed changes, allowing a minimum of five working days to receive any representations from relevant Users. Where Users object to the proposed changes and an agreement with the relevant Transporter and Site Operator cannot be arrived at, the changes will then be progressed through the existing UNC modifications process.

If this Proposal is not implemented, all changes to the Measurement Provisions would continue to require either written consent from all Users at the point or be taken through the UNC Modification process, tying up the time and resources of industry parties and decreasing the efficiency of the process.

b) Justification for Urgency and recommendation on the procedure and timetable to be followed (if applicable)

Having discussed the concept of this Proposal at the Transmission Workstream it is intended to submit this Proposal to the August 2007 UNC Modification Panel and follow the normal Modification process.

c) Recommendation on whether this Proposal should proceed to the review procedures, the Development Phase, the Consultation Phase or be referred to a Workstream for discussion.

It is recommended that this Proposal proceed directly to consultation.

2 Extent to which implementation of this Modification Proposal would better facilitate the achievement (for the purposes of each Transporter's Licence) of the Relevant Objectives

(e) "so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers":

Implementation may assist the achievement of this objective by minimising delays in changing NEAs that may cause a constraint to additional gas entry capability, which could otherwise provide a disincentive to bringing gas supplies to the UK.

(f) "so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of... the uniform network code":

Alterations to the Measurement Provisions have in the past been non-contentious as they typically involve simple technical 'housekeeping' tasks such as expanding metering ranges or updating references to standards. Therefore, where agreement on an increase to the Permitted Ranges can be reached between the Relevant

Transporter and Site Operator, it is considered unnecessarily bureaucratic to oblige the parties to engage with the wider industry. In lowering the number of these simple 'housekeeping' changes, the workload of the industry parties and the UNC Modification Panel will be streamlined and the efficiency of the process will be enhanced.

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

Implementation could improve security of supply by more quickly aligning technical agreements to operational realities.

4 The implications for Transporters and each Transporter of implementing this Modification Proposal, including:

a) The implications for operation of the System:

In fast-tracking certain changes to the Measurement Provisions, there will be an improvement in matching Users' requirements of the System with the actual operational capabilities.

b) The development and capital cost and operating cost implications:

Implementation of this Proposal will reduce the ongoing operating costs associated with developing and reviewing modification proposals.

c) Whether it is appropriate to recover all or any of the costs and, if so, a proposal for the most appropriate way for these costs to be recovered:

No proposal is made for the recovery of implementation costs.

d) The consequence (if any) on the level of contractual risk of each Transporter under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal

In the event that the Proposal is not implemented, there is a risk that NEAs and NExAs will not be aligned with the physical assets due to the duration of the Modification process.

5 The extent to which the implementation is required to enable each Transporter to facilitate compliance with a safety notice from the Health and Safety Executive pursuant to Standard Condition A11 (14) (Transporters Only)

No such requirement has been identified.

6 The development implications and other implications for the UK Link System of the Transporter, related computer systems of each Transporter and related computer systems of Users

No such implications have been identified.

7 The implications for Users of implementing the Modification Proposal, including:

a) The administrative and operational implications (including impact upon manual processes and procedures)

By reducing the amount of time and resource that Users spend on raising and reviewing Modifications associated with minor contractual changes, it is anticipated that Users' administrative and operational costs will decrease.

b) The development and capital cost and operating cost implications

No implications have been identified.

c) The consequence (if any) on the level of contractual risk of Users under the Uniform Network Code of the Individual Network Codes proposed to be modified by this Modification Proposal

It is not anticipated that there will be any change to Users' contractual risk as a result of this Proposal.

8 The implications of the implementation for other relevant persons (including, but without limitation, Users, Connected System Operators, Consumers, Terminal Operators, Storage Operators, Suppliers and producers and, to the extent not so otherwise addressed, any Non-Code Party)

National Grid believes that this Proposal will benefit all Users and other parties listed above by streamlining both technical changes to contractual Measurement Provisions contained within NEAs and NExAs and ensuring that the UNC Modification process does not become congested.

9 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters

No such consequences have been identified.

10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal not otherwise identified in paragraphs 2 to 9 above

Advantages

This Proposal will allow increases to the Permitted Ranges contained within the Measurement Provisions section of NEAs and NExAs to be agreed between the Relevant Transporter and the Site Operator, freeing up the UNC Modification Process.

Disadvantages

None identified.

11 Summary of representations received as a result of consultation by the Proposer (to the extent that the import of those representations are not reflected elsewhere in this Proposal)

None.

12 Detail of all other representations received and considered by the Proposer

None.

13 Any other matter the Proposer considers needs to be addressed

None.

14 Recommendations on the time scale for the implementation of the whole or any part of this Modification Proposal

It is recommended that the whole of this Proposal be implemented by 01/11/2007.

15 Comments on Suggested Text

None.

16 Suggested Text

None.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) I2.2, J5.2 and J6.4

Proposer's Representative

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Proposer

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