

CODE MODIFICATION PROPOSAL No 0139A
Amendments to UNC TPD OCS Process and Long Term Allocation of Capacity in the
Transitional Period
Version 1.0

Date: 23/04/2007

Proposed Implementation Date: June 2007 (as per Modification Proposal 139)

Urgency: Non Urgent

1 The Modification Proposal

a) Nature and Purpose of this Proposal

SGN have raised Modification Proposal 139 to amend the UNC TPD OCS Process and Long Term Allocation of Capacity in the transitional period.

RWE Trading (RWET), not being a DNO User, has no basis for assessing the adequacy of the current OCS Process in the transitional period, which SGN's proposal is seeking to address. However, RWET is interested in the outcome of the OCS Process and the Long Term Allocation of Capacity in the transitional period because of its potential relevance to the enduring period.

Currently, and as proposed under Modification Proposal 139, National Grid NTS are required to issue to each DNO User, not later than 30th September in each Gas Year during the transitional period, in relation to each NTS/LDZ Offtake an amount of NTS Offtake (Flat) Capacity and NTS Offtake (Flexibility) Capacity, along with Assured Offtake Pressures. This alternative Modification Proposal 139A is to make such information available to all Users by 30th September each Gas Year. This could be via Gemini, National Grid's website or in hard copy form whichever National Grid NTS is able to implement within the timescales.

All other aspects of Modification Proposal 139, with the exception of this proposed change to the requirement to publish information, would remain unchanged.

In order for Users to assess their NTS Offtake Flat Capacity and NTS Offtake Flexibility Capacity requirements in the enduring period it will be necessary, amongst other things, for them to understand what NTS Offtake Capacity has been allocated to DN Users during the transitional period, as this may be a proxy for their requirements going forward. This was recognised during discussions at Ofgem's Enduring Offtake Working Group (see minutes of EOWG 14 dated 9th August 2006 which are available on Ofgem's website).

The original OCS prevailing at the UNC Implementation Date was made available to all Users. Transitional and enduring NTS Offtake Flat Capacity baselines for each NTS/LDZ Offtake are also available in Ofgem's Transmission Price Control Review: Final Proposals. However, without

ongoing information during the transitional period, Users will be unable to determine the extent to which DNO Users's requirements for NTS Offtake Capacity is changing and how this may impact their ability to secure the NTS Offtake Capacity they require.

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

Coincident with Modification Proposal 139

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.

This alternative Modification Proposal 139A should proceed to consultation on the same timescales as Modification Proposal 139

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

As well as the reasons stated in Modification Proposal 139 RWET believes this alternative Modification Proposal 139A would better facilitate the achievement of the following Relevant Objectives:

Standard Special Condition A.11.1 (c): *the efficient discharge of the licensee's obligations under their licence* - by requiring National Grid NTS to publish NTS/LDZ Offtake capacity information to all Users thus removing any possibility of discrimination; and

Standard Special Condition A.11.1 (d) (iii): *the securing of effective competition between DNO operators and relevant shippers* - by publishing NTS/LDZ Offtake capacity information to all Users such that they can use this information to assess the extent to which they may be able to secure NTS Offtake Capacity in any future allocation or auction process applicable to the enduring period.

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

No further implications have been identified other than those, if any, described in Modification Proposal 139.

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

a) The implications for operation of the System:

No further implications have been identified other than those, if any, described in Modification Proposal 139.

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

No further implications have been identified other than those, if any, described in Modification Proposal 139.

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:

Not applicable

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

No further consequences have been identified other than those, if any, described in Modification Proposal 139.

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)

Not applicable.

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

Not applicable.

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

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

No further implications have been identified other than those, if any, described in Modification Proposal 139.

b) The development and capital cost and operating cost implications

No further implications have been identified other than those, if any, described in Modification Proposal 139.

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

No further implications have been identified other than those, if any, described in Modification Proposal 139.

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)

No further implications have been identified other than those, if any, described in Modification Proposal 139.

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

No further consequences have been identified other than those, if any, described in Modification Proposal 139.

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

Advantages

As well as the advantages listed in Modification Proposal 139 RWET believes this alternative Modification Proposal 139A has the advantage of providing common information to all Users, thus preventing any potential for discrimination and encouraging competition between relevant shippers and DNO Users in the enduring period.

Disadvantages

No further disadvantages have been identified other than those, if any, described in Modification Proposal 139.

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)

Representations are now invited.

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

No such representations have been identified.

13 Any other matter the Proposer considers needs to be addressed

No such matter has been identified.

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

It is recommended this alternative Modification Proposal 139A should be implemented in June 2007 at the start of the Application Window and before 24th July 2007 when it is proposed the Application Window for this Gas Year would close. This is identical to the implementation timetable proposed in Modification

139 itself.

15 Comments on Suggested Text

This alternative Modification Proposal 139A adopts the same suggested legal text as detailed in Modification Proposal 139 except that the term "User" shall be substituted for the term "DNO User" in the first line of Section B.6.2.1

16 Suggested Text

As per Modification Proposal 139 with the exception of the aforementioned variation.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) B.6.2 and B.6.3

Proposer's Representative

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Proposer

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