

## Consideration of Initial Representations to Modification Proposal 461



**Transmission Workgroup 1<sup>st</sup> August 2013**

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# Initial Representations

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- 4 initial representations received for Modification 461;
  - Total E & P UK
  - Marathon Oil UK (MOUK)
  - Marathon Oil Norge AS (MONAS)\*
  - Claims Validation Services Limited (CVSL)

*(\* The detail of the representation from MONAS was the same as MOUK)*

## Total E & P UK – Main Points

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- Modification Proposal is opposed
- Significant technical changes, extensive contractual changes and associated costs
- No clear benefit to industry users or wider gas market
- Lacks clarity as no specific legal text
- Recommends retaining the 06:00-06:00 Gas Day

## MOUK/MONAS – Main Points

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- Not necessary to implement the changes in the manner proposed
- Led to believe changes would only apply to capacity management
- If implemented the interface between offshore and terminal operators at NTS entry points will be unsafe
- Alternative approach – compliance with EU law but does not require a change to the definition that impacts upstream parties

## Claims Validation Services Limited (CVSL) – Main Points

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- A change to the time of the Gas Day could be readily amended within the Claims Validation Services Agreement (CVSA)
- However;
  - The Claims Validation Information Agreement (CVIA) binds producers to submit data to CVSL – there are hundreds of parties to this agreement
  - There is no mechanism for amending the terms of the CVIA which requires data to be submitted to CVSL for a 06:00 Gas Day
  - Unanimous consent would be needed to amend CVIA

## Wider Industry Discussion

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- Ofgem/DECC Gas Day event held on 3<sup>rd</sup> July, with representatives from the upstream and downstream industries present
- Wider industry impacts were discussed, including presentation of the case for change
- Slides and notes for this meeting, can be found at [Minutes from Ofgem Gas Day Open Meeting \(July 2013\) - More Document Information](#)
- Follow-up meeting planned for 18<sup>th</sup> September 2013

## Assessment of Points Raised

<b>Point Raised</b>	<b>NG NTS View</b>	<b>Recommendation</b>
Technical changes, contractual amendments and costs offshore and onshore	At the Ofgem/DECC meeting on 3 <sup>rd</sup> July, 3 work streams were identified – GB legislation and licences, industry codes and wider industry impacts. Modification 461 is part of the industry codes work stream and specifically addresses the changes required within the UNC and its associated documents.	Affected parties to engage with the workstreams for their area of business. The workgroup meetings for Modification 461 will seek to develop a solution for the changes required within the UNC.
No clear benefit to industry or wider market	The change is required to become compliant with EU legislative changes under the reforms of the Third European Energy Package.	Affected parties to feedback and actively engage via workstreams regarding the wider implications of Gas Day change
Modification proposal lacks clarity and no legal text	The Modification intentionally lacks detail at this stage. This allows industry participants to develop the right solution by discussing the affected areas of UNC from the change to the Gas Day.	Mod 461 Workgroup to develop each section of the Modification as it is agreed, and share associated legal text with the industry at the earliest opportunity.

## Assessment of Points Raised (Continued)

<b>Point Raised</b>	<b>NG NTS View</b>	<b>Recommendation</b>
Retention of existing 06:00-06:00 Gas Day	The change is required to become compliant with EU legislative changes under the reforms of the Third European Energy Package.	N/A
Changes to only apply to capacity management of pipelines	The EU Gas Day definition is contained within the CAM network code which only applies at IPs. The EU Gas Day is referenced in other EU Codes e.g. Balancing which impact other areas of UNC.	NG NTS' s legal advice is that although the Gas Day is not defined in other EU codes, the definition contained within CAM is generic, and has the same meaning when referenced in other codes that apply to the whole gas regime. Therefore to fully comply we will have to change the time of the Gas Day in GB.
Implementation will lead to an unsafe interface between terminals and the NTS	To understand any safety risks associated with the change to the Gas Day further detail is required.	Affected parties to engage in the Modification process and via workstreams regarding wider implications of the Gas Day change.



## Assessment of Points Raised (Continued)

<b>Point Raised</b>	<b>NG NTS View</b>	<b>Recommendation</b>
Alternative approach – compliance with EU law but does not require a change to the definition that impacts upstream parties	NG NTS is open to suggestions from other industry users on how to implement this change, and will readily consider alternative approaches. Any alternative approach must meet the legal requirements contained within the EU network codes which stipulate a standardised Gas Day of 05:00-05:00 across EU Member States.	Affected parties to engage in the Modification process and via workstreams regarding the wider implications of the Gas Day change, suggesting alternative approaches where appropriate.
The Claims Validation Information Agreement (CVIA) has no mechanism for amendment and has hundreds of parties to the agreement. To alter this would require unanimous consent	NG NTS acknowledge the complexities of the offshore regime and how changes to the UNC will have repercussions for offshore parties. However the proposed changes to the UNC are required to become compliant with EU legislative requirements.	Affected parties to engage in workstreams regarding the wider implications of the Gas Day change.

# Consideration of Alternative Approaches

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## NG NTS Suggested Approach

- Modification 461 proposes to develop a solution for 3 broad levels of change;
  1. UNC current definition
  2. UNC times that define start/end of the Gas Day
  3. UNC process times
- Next meeting for Modification 461 – 5<sup>th</sup> August
- Are there any proposed alternatives to this suggested approach that meet the legal requirements of the EU Network Codes?

## Alternative Approaches

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Any other views/  
suggestions?