

**CODE MODIFICATION PROPOSAL No xxxx**  
**<Facilitating the Reduction of Enduring Annual NTS Exit (Flat) Capacity by a value less than 100,000 kWh>**  
**Version 0.1**

**Date:** 02/02/2010

**Proposed Implementation Date:** 21/05/2010

**Urgency:** Non Urgent

## **1 The Modification Proposal**

### **a) Nature and Purpose of this Proposal**

*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.*

#### **Background**

Implementation of Modification Proposal\* 0195AV established the basis for the reform of NTS Exit Capacity\* booking arrangements that, in full, are scheduled to come into effect on 1 October 2012.

National Grid NTS calculated, for each User\* at each NTS Exit Point\*, an initialised value of Enduring Annual NTS Exit (Flat) Capacity\* the Users initialised value was calculated in accordance with UNC TDIIC Section 8.2. National Grid NTS then notified each User of their allocation of initialised Enduring Annual NTS Exit (Flat) Capacity at each NTS Exit Point prior to/by the 1st May 2009. This may, for certain Users at certain NTS Exit Points, have resulted in the Users being allocated less than 100,000kWh of Enduring Annual NTS Exit (Flat) Capacity.

As a four year User commitment is not associated with initialised Enduring Annual NTS Exit (Flat) Capacity bookings, Users were able to reduce their initialised values in the July 2009 reduction window (1<sup>st</sup> to 15<sup>th</sup> July) and can continue to do so at subsequent reduction windows (subject to lead times) until July 2011. However any request for a Reduction Amount\* must be for an amount that is equal to or greater than the Minimum Eligible Amount\* (100,000kWh per day) as the UNC currently does not allow a User to request a Reduction Amount that is less than 100,000 kWh per day (UNC B3.1.4).

#### **Proposal Summary**

National Grid NTS proposes to enable Users, with an Enduring Annual NTS Exit (Flat) Capacity quantity that is less than 100,000 kWh, to reduce their Enduring Annual NTS Exit (Flat) Capacity quantity to zero in future

reduction windows or via any other reduction request.

It is National Grid NTS' intention that this Modification Proposal is only relevant to capacity reductions and does not amend the Minimum Eligible Amount for NTS Exit (Flat) Capacity applications or for any NTS Entry Capacity mechanisms.

In addition National Grid NTS will not allow a User to apply for, bid or offer to surrender NTS Exit Capacity of less than 100,000 kWh outside of the capacity reduction window or a capacity reduction request.

For the avoidance of doubt the User commitment rules detailed in the ExCR will continue to apply to any and all reduction requests.

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

Urgent procedures are not requested

**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.**

**2 User Pays**

**a) Classification of the Proposal as User Pays or not and justification for classification**

It is the view of National Grid NTS that this Proposal is a change/addition to the services provided by xoserve and as such National Grid NTS is of the view that this is a User Pays Proposal.

**b) Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification**

National Grid NTS is of the view (due to the reasons outlined above) that this is a User Pays Proposal, we further propose due to the reasons outlined above, that the split of the recovery of Implementation Costs should be:

[0]% Shipper Users [0]% Transporters

**c) Proposed charge(s) for application of Users Pays charges to Shippers**

**d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve**

Any charge applied will be based on the formula outlined in Section 2 b) above and will be dependent upon actual costs received from xoserve

**3 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**

*Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates; ; For the reasons given below, the Proposer believes that this Proposal will better facilitate relevant objectives A11.1 (a)*

- Users with an initialised Enduring Annual NTS Exit (Flat) Capacity value less than 100,000 kWh will be able to accurately reflect their Enduring Annual NTS Exit (Flat) Capacity requirements by reducing their initialised Enduring Annual NTS Exit (Flat) Capacity value to zero.
- Increased volumes of Annual NTS Exit (Flat) Capacity may be available to other Users at an NTS Exit Point, as unsold NTS Exit (Flat) Capacity may increase.

*Standard Special Condition A11.1 (b): so far as is consistent with the subparagraph (a), the co-ordinated, efficient and economic operation of (i) the combined pipe-line, and/or (ii) the pipe-line system of one or more other relevant gas transporters; Not applicable*

*Standard Special Condition A11.1 (c):so far as is consistent with the subparagraphs (a) and (b), the efficient discharge of the licensee’s obligations under this licence; Not applicable*

*Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; Not applicable*

*Standard Special Condition A11.1 (e): so far as is consistent with subparagraphs (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; Not applicable*

*Standard Special Condition A11.1 (f): so far as is consistent with subparagraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code; Not applicable*

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

No implications on security of supply, operation of the Total System or industry fragmentation have been identified.

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

**a) The implications for operation of the System:**

None Identified

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

None Identified

**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:**

As detailed in section 2 all costs to be met proportionately by [Users/Transporters] based on ...

**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**

It is not envisaged that the Proposal will result in any change to the level of contractual risk to National Grid NTS.

**6 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

**7 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**

National Grid NTS may need to undertake development of the UK-Link system to accommodate the change to the Minimum Eligible Amount solely for capacity reductions or alternatively it may be a parameter change. National Grid NTS has raised a ROM request with xoserve to ascertain the nature of the change required and indicative costs, the results of which are as follows:

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

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

The administrative burden on Users may be reduced as those Users that have either been initialised with or at some point find themselves holding less than 100,000kWh per day will be able to reduce their quantity of

Enduring Annual NTS Exit (Flat) Capacity to zero.

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

National Grid NTS believes there is no development, capital or operation cost implications.

**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 consequences on the level of contractual risk have been identified.

**9 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)**

None identified

**10 Consequences on the legislative and regulatory obligations and contractual relationships of the Transporters**

None identified

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

**Advantages**

As above

**Disadvantages**

None identified

**12 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)**

**13 Detail of all other representations received and considered by the Proposer**

**14 Any other matter the Proposer considers needs to be addressed**

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

Draft Proposal discussed at Transmission Workstream	04-Feb-10
Draft Proposal discussed at Transmission Workstream	04-Mar-10
Proposal submitted to Mod Panel	18-Mar-10
Proposal issued for consultation (subject to Mod Panel Approval)	18-Mar-10
Closeout for representations	08-Apr-10
Final Modification Report produced	09-Apr-10
Modification Panel decide upon recommendation	15-Apr-10
Proposed implementation date	21-May-10

**16        Comments on Suggested Text**

**17        Suggested Text**

**Code Concerned, sections and paragraphs**

Uniform Network Code

Transportation Principal Document

**Section(s)**

**Proposer's Representative**

*Natasha Ranatunga, National Grid NTS*

**Proposer**

*National Grid NTS*