Joint Office of Gas Transporters

UNC Modification	At what stage is this document in the process?
# UNC 0818: ## Releasing of unused capacity under a specific set of circumstances	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification:

Occasionally capacity is booked but remains unused for years. This is only an issue for other Shippers and end consumers where there is limited capacity available on the same part of the system. This Modification is to release the unused capacity only where a site meets set specific criteria. This criteria is detailed and specific with a site having to meet all of the criteria for the modification to apply to them: The intent of which is that this modification will be limited to a small number of sites who it is believed are holding capacity they are not using, and have not used for at least 36 months; and where there is a genuine need by others for capacity but this is current unavailable because sites holding excess capacity.

Next Steps:

The Proposer recommends that this Modification should be:

Considered a material change and not subject to Self-Governance

This Modification will be presented by the Proposer to the Panel on 15 September 2022. The Panel will consider the Proposer's recommendation and determine the appropriate route.

Impacted Parties:

High: Shippers, Distribution Network Operators, Some I&C consumers

Low: Suppliers

None: NTS, IGTs

Impacted Codes:

No other code impacts are identified (IGT CSEPs will be out of scope of this modification).

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Contents

Timetable

Modification timetable:

Pre-Modification Discussed *(distribution)*	28 Jul 2022
Date Modification Raised	16 Aug 2022
New Modification to be considered by Panel	15 Sep 2022
First Workgroup Meeting	22 Sep 2022
Workgroup Report to be presented to Panel	19 Jan 2023
Draft Modification Report issued for consultation	20 Jan 2023
Consultation Close-out for representations	10 Feb 2023
Final Modification Report available for Panel	12 Mar 2023
Modification Panel decision	19 Mar 2023

Any questions?

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1 Summary

What

The UNC works on the principle that as long as capacity is being paid for, there is no explicit obligation for the whole of the capacity to be utilised. This allows Users to plan for their capacity, and in the case of Class 1 and 2 sites, book capacity to minimise risk of overuse and incurring ratchets.

In some instances, this can result in sites booking a significantly higher capacity than they utilise, which can be inefficient for the Site, Shipper, and/or Distribution Network Operator (DNO). The Supply Point Offtake Rate (SPOR) Review Process (also referred to as Mod 390 process) as per UNC TPD Annex B-3 11 is in place so that DNOs can reach out to these sites to advise them of the overbooking, and ask them if they would like to consider reducing their booked capacity.

The potential issue arises where a site has booked capacity on an enduring basis that is significantly higher than their usage, and the site is in an area of the Distribution Network where there may only be limited available capacity for other Users. This can result in capacity requests from other Sites/Shippers being rejected, resulting in risk of additional costs to these sites to pay reinforcement costs should they wish to secure the additional capacity.

Why

Occasionally capacity is booked but remains unused for years. This is only an issue for other Shippers and end consumers where there is limited capacity available on the same part of the system. This Modification is to release the unused capacity only where a site meets set specific criteria. This criteria is detailed and specific with a site having to meet all of the criteria for the modification to apply to them: The intent of which is that this modification will be limited to a small number of sites who it is believed are holding capacity they are not using, and have not used for at least 36 months; and where there is a genuine need by others for capacity but this is current unavailable because sites holding excess capacity.

In areas of the Distribution Network that have limited capacity available for other Users DNOs may have to: a) ask any sites, wishing to reserve capacity that is currently unavailable, to have to pay for reinforcement works which can be costly, or b) in other cases the DNO may be required to pay to reinforce the Distribution Network to maintain their 1 in 20 planning requirements, which is an obligation in the Gas Transporters Licence Standard Special Condition A9[1] (SSCA9) obligations, a cost which is later recovered under the pricing methodology. Both of these options have adverse impacts to end consumers and are inefficient use of the Distribution Network.

Whilst this is unavoidable in most circumstances, there are occasional circumstances where capacity has been booked that is significantly higher than the capacity that has been used on an enduring basis, including any peak offtake.

By releasing the unused 'sterilised' capacity back to the DNO this ought to aid in increased competition as this should allow other Shippers, who require capacity on this area of the Distribution Network that has previously been unavailable, a chance for successful capacity nomination referrals.

[1] https://epr.ofgem.gov.uk/Document

Increasing capacity in areas of limited availability reduces the need for Sites to have to pay for costly reinforcement works which could be the only other option for them to be able to make available the capacity they require.

Increasing the available capacity in areas where there is only limited capacity available should aid the DNOs in ensuring they meet their 1 in 20 planning requirements, reducing the need for costly reinforcement works, which are recovered via pricing. This should aid efficient running of the Distribution Networks and potentially keep associated reinforcement costs, that can impact end customer's bills, as low as possible.

How

This Modification proposal looks to introduce an annual process which gives the DNOs the ability to identify Sites that meet specific criteria:

- That the Site is in Class 1 (and has been for at least 3 years). This also include Sites that have been Transporter designated under UNC TPD 4.7.16 (also known as mod 655 process) for a minimum of 3 years
- The Site has not paid for reinforcement works in order to book the capacity they currently hold
- The Site is directly connected to the Distribution Network (i.e. not via a CSEP)
- That the Site must be on an area of the Distribution Network where there is limited available capacity for other Sites/Users
- That the Site must have been consistently under using its booked capacity for at least 3 years, this will be extended to take account of periods of exceptional circumstances (e.g. Covid).
- That the site must have been included in the SPOR process within the 15 months prior
- That the Site is not category A Priority Supply Point (as defined by Secretary of State)

Other history around the Site may also be taken into consideration (for example the mod 390 process).

Where a Site meets the criteria, this will result in the ability for the DNO to consider the Site eligible for a reduction (which will result in a Supply Point Offtake Rate of no less than 150% single highest hourly offtake rate (in kWh/hour) recorded at the DM Supply Point during same period). In these instances a notification would be sent to the Shipper, containing relevant information about the Site and the proposed new Supply Point Offtake Rate (SHQ), and new peak daily load (SOQ) which will be SHQ x 16 (unless otherwise stated), which the Shipper would then have the ability to appeal.

2 Governance

Justification for Authority Direction

As this Modification could have a material impact on efficient use of Distribution Network and/or end consumer funding in relation to provision of available capacity, and is looking to introduce a process that is only relevant to Class 1 sites, the Proposer recommends that this Modification should be Authority Direction.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- be assessed by a Workgroup.

3 Why Change?

The current principle within UNC is that a user is entitled to retain booked & confirmed capacity, regardless of whether they use all of the capacity, as long as they are paying for it.

Whilst this is a solid principle there are some instances where this booked, but unused, capacity could be preventing other users from being able to book the required capacity they need, this is commonly known in industry as 'sterilised capacity'. Why a Shipper/end consumer has booked this excess capacity can include, for example, it being line with business expansion plans and they need to ensure the capacity is available to them before undertaking costly building works etc.

The Distribution Network Operators (DNOs) have the ability to write to sites under the Supply Point Offtake Rate (SPOR) Review Process (also known as 'Mod 390' process') as per UNC TPD B11, to advise them that they have excess capacity booked, and to ask them to consider reducing their booking. Whilst this process obliges the Shipper to enter into discussions with the identified sites, it does not oblige the Shipper User, or the end consumer, to reduce their capacity booking.

Where there are areas of the Distribution Network that may have limited capacity available for other Shipper Users, DNOs may have to either ask any sites, wishing to reserve capacity that is currently unavailable, to have to pay for reinforcement works which can be costly. Or in other cases the DNO may be required to pay to reinforce the Distribution Network to maintain their 1 in 20 planning obligations as per their Gas Transporters licence, a cost which is later recovered under the pricing methodology. Both of these options have adverse impacts to end consumers connected to that specific Distribution Network.

Whilst this is unavoidable in most circumstances, there are occasional circumstances where capacity has been booked that is significantly higher than the level of capacity that has been used on an enduring basis, including any peak offtake.

This modification proposal is looking at only these sites: i.e. where they are on a part of the Distribution Network that has limited available capacity for other Shipper Users, and bookings are considerably higher that the recorded peak capacity use.

This modification proposal looks to introduce the ability for the DNOs to review booked capacity vs utilised capacity under a specific, strict, set of circumstances and, where relevant, for the capacity to be reduced to a new value stated by the DNO. Once the capacity has been reduced for the site/s, the DNOs will follow standard process in relation to requests for capacity for this area, and any other, of their network

By releasing the unused 'sterilised' capacity back to the Distribution Network this could aid in increased competition as this should allow other Shippers who require capacity on this area of the Distribution Network, that has previously been unavailable, a chance for successful capacity nomination referrals.

By increasing the available capacity, in areas where there is only limited capacity available, this should reduce the need for sites to have to pay for costly reinforcement works which could be the only other available option for them to be able to make available the capacity they require.

By increasing the available capacity in areas where there is only limited capacity available, this should aid the DNOs in ensuring they meet their 1 in 20 planning requirements, reducing the need for costly reinforcement works, which are recovered via pricing. This should aid in efficient running of the Distribution Network and potentially keep associated reinforcement costs, that can impact end customer's bills, as low as possible.

The site would need to meet the following criteria:

- That the Site is in Class 1 (and has been for at least 3 years). This also include Sites that have been Transporter designated under UNC TPD 4.7.16 (also known as mod 655 process) for a minimum of 3 years
- The site has been included in the SPOR (UNC TPD Annex B-3 11) process within prior 15 months
- The Site has not paid for reinforcement works in order to book the capacity they currently hold
- The Site is directly connected to the Distribution Network (i.e.not via a CSEP)
- That the Site is not category A Priority Supply Point (as defined by Secretary of State)
-
- That the Site must be on an area of the Distribution Network where there is limited available capacity for other Sites/Users
- That the Site must have been consistently under using its booked capacity for at least 3 years, this will be extended to take account of periods of exceptional circumstances (e.g. Covid).

Other history around the Site may also be taken into consideration (for example the mod 390 process).

Where a Site meets the criteria, this will result in the ability for the DNO to consider the Site eligible for a reduction (which will result in a Supply Point Offtake Rate of no less than 150% single highest hourly offtake rate (in kWh/hour) recorded at the DM Supply Point during same period). In these instances a notification would be sent to the Shipper, containing relevant information about the Site and the proposed new Supply Point Offtake Rate (SHQ), and new peak daily load (SOQ) which will be SHQ x 16 (unless otherwise stated).

An appeal window which could, for example, take into account evidence of plans for the capacity to be utilised at a point within the next 3 or less years, would be included in the process. Any appeal would also be invited to, where relevant, include a counter capacity reduction figure if the appeal evidence demonstrates an alternative reduced figure would be more appropriate.

Any site selected (where is it not subject to a successful appeal removing it from the process) would then be reduced to the DN suggested SOQ (or in the event of a successful counter appeal, the agreed SOQ) by the incumbent Shipper on a specific date within the Capacity Reduction Window.

It should be noted that where a Shipper fails to reduce the capacity, the CDSP will be given an obligation to do so, and for them to do this at cost to the shipper that was in place for the site on the specified reduction date.

We would look to introduce a capacity reduction assessment process as follows:

- Day 1: The Transporter provides the information relating to sites meeting the criteria, and where capacity is proposed to be reduced, to the relevant shipper
- Month 1 & 2: Appeal process, this is where the Shipper can provide any relevant information they have (including from the site) in relation to plans for the capacity to be utilised at a point within the next 3 or less years. This can include a counter capacity reduction figure if the appeal evidence warrants an alternative reduced figure. *Shippers are encouraged to also confirm where there is no challenge to the reduction.*
- Month 3: DN to consider appeal and confirm outcome to Shipper. *(Any sites successfully appealed to be removed from the process will not progress any further)*
- Month 4: Shipper to notify site of final outcome,
- Month 4 + 1day (capacity reduction date): Shipper to reduce the capacity to the figures as per the figures confirmed in month 3, *(This date will be within the capacity reduction window).*

- Month 5 (Backstop date): CDSP may reduce capacity where it has not been carried out by the relevant shipper at month 4.

For any site where SOQ is reduced under this process the Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point for a period of 12 months (also known as a 'soft landing' period).

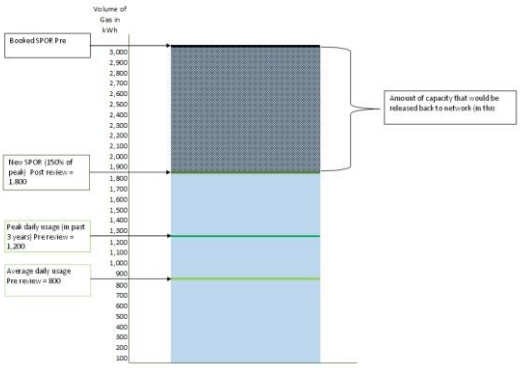
Once a Site has been identified and its SOQ reduction has been successfully completed, the site will be subject to standard UNC rules, and may seek to increase, or decrease its capacity accordingly.

All 'days' quoted are calendar days

Worked example:

The following site meets the criteria, and has the following values:

- Booked Capacity = This is set to 3,000 kWh
- Its average daily usage is 800 kWh
- Over the prior 3 year period the site has had a peak offtake of a daily usage of 1,200 kWh
- Therefore the site is proposed to be reduced to 150% of its peak usage, i.e. 1,200 kwh X 150% = 1,800 kWh
- Sites Supply Point Offtake Rate (SHQ) is reduced from 3,000 kWh to 1,800 kWh under the process, thereby releasing 1,200 kWh of capacity back to the network.
- SHQ x 16 results in potentially 18,400 daily capacity (SOQ) becoming available for other Users



4 Code Specific Matters

Reference Documents

None

Knowledge/Skills

Knowledge of the UNC, especially in relation to Supply Point Capacity.

Understanding of 1 in 20 conditions as stated in the Gas Transporters Licence Standard Special Condition A9[1] above

5 Solution

To add Capacity Reduction Assessment Process into the UNC.

Business Rules:

1) Site nomination criteria:

a) That the site is in Class 1 (and has been for at least 3 years). This also include sites that have been transporter designated, under UNC TPD 4.7.16, for 3 or more years.

b) That the site must be directly connected to the DNO network (i.e.not via a CSEP)

c) That the site has not paid for reinforcement work specific to capacity for the MPRN being considered under this process

d) That the site must be on an area of the Distribution Network where there is limited available capacity for other sites/Users

e) That the site must have been consistently under using its booked capacity for at least (3) years, this will be extended to take account of periods of exceptional circumstances (e.g. Covid)

f) The site must have been included in the UNC Section G 5.7 Supply Point Offtake Rate Review Process within the prior 15 months.

g) Other history around the site may also be taken into consideration (for example the UNC Section G 5.7 Supply Point Offtake Rate Review Process).

h) That the Site is not category A Priority Supply Point (as defined by the Secretary of State)

2) Information that must be provided by the Transporter for sites nominated, and meeting the above criteria:

a) the new SHQ & SOQ that the capacity is to be reduced to, which cannot be less than 150% of the highest the single highest offtake rate (in kWh/day) recorded at the DM Supply point over the past (3) years. The SOQ will be calculated as SHQ x 16 unless otherwise stated.

b) the existing SOQ & SHQ for the time being held by the Registered User (the "Existing Supply Point Offtake Rate")

c) the Meter Point Reference Number

d) the Supply Point Reference Number

e) the address details; and

f) any further information relating to the DM Supply Point Component that the DNO considers would assist the Registered User

3) Process timeline (calendar days)

a) D-121 Transporter advises Shipper of nominated sites and all relevant information (as per BR2)

b) D-120 Appeal Window opens

c) D-61 Appeal Window closes

d) D-60 to D-32 Transporter to consider appeal

e) D- 31 Transporter to notify Shipper of outcome of appeal

f) D-30 to D-1 Shipper to advise site of outcome of process, including date of reduction and the new SOQ & SHQ that will be in force at this date.

g) D = Date that the User reduces capacity booking for nominated site (Transporter Nominated Capacity Reduction Date)

h) D +30 CDSP Transporter Nominated Capacity Reduction Backstop date: From this date, the CDSP may carry out a reduction on Shipper behalf, where Shipper has not yet done so under (g)

i) D+ The Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point for a period of 12 months.

4) Capacity can be reduced within the capacity reduction window as defined in UNC TPD B 2.2 and by the CDSP on at any time in relation to the Transporter Nominated Capacity Reduction Backstop)

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No~~, at the point of raising this modification, the current SCRs should be implemented and closed.~~.

Consumer Impacts

Initial responses from the UNC Panel consumer representatives (as provided to workgroup 27/10/22)

Domestic Consumer Representative questions

1. This Modification gives the GDNs the power to dictate large DM sites that have booked capacity and not used it, which may be for a number or reasons – one of which currently may be due to increased gas costs. Where no relationship exists between the customer and the GDN, do Workgroup members think this is appropriate where GDN decisions may have adverse impacts on large sites such as I&C production sites and hospitals?

This question is being considered by workgroup.

In response to the queries raised by the Panel member and some workgroup participants regarding hospitals please be advised that V2 of the modification will have an additional criterion which excludes site where there is a risk to life. 'The site must not be a Priority Consumer Category A site (as defined by Secretary of State)' . Similarly, please note that reduction of capacity does not stop a site from exceeding their SOQ but introduces incentives for the capacity not to exceed the booking (e.g., Ratchet Regime).

2. The Modification directs that communications regarding this imposed capacity reduction are passed to the customer via the Shipper. What would happen if this communication route breaks down and the GDN imposes a capacity reduction on the customer without their knowledge? Would the GDN carry the legal liability for any losses incurred by the customer?

This question is being considered by workgroup and proposer.

There would be an obligation introduced into code on the Shipper, and whilst code should not be expected to have additional clauses to protect from the consequences of a party failing to meet its obligations, the workgroup acknowledges the potential risk of impact to a 3rd party. The contract(s) between Shipper / (Supplier) and Site is a commercial arrangement, and it is already the responsibility of the Shipper to ensure that all UNC obligations are managed as part of this. Networks do not currently take responsibility for any liabilities incurred by a site should a Shipper fail in their obligations under code, this would be no different.

3. What costs have been incurred by consumers as a result of the issue set out in the problem statement - costs of constraint and unnecessary reinforcement etc".

Historically data has not been retained specifically around capacity bookings and usage for individual sites in areas where reinforcement has happened in the past, so this data cannot be provided. However, the proposer

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is working with internal teams, and other networks, to assess the potential cost of reinforcement in the future for currently restrained areas of networks so this can be provided to workgroup at an aggregate level.

Industrial Consumer Representative questions

4. In a future when demand is predicted to fall, why would a GDN want to prevent a consumer from paying for capacity they are not using?

This modification is intended to free up held unused 'sterilised' capacity, where other users would benefit from it (i.e. where DNs had to reject capacity nominations or identify specific reinforcement costs through applications for new connections).

5. With domestic demand under threat with the Government pushing heat pumps, the remaining gas consumers are already facing increases in GDN charges, why turn away revenue from large consumers who are prepared to pay for capacity they may not use?

Again as above

6. At a time when many businesses are under threat of closure this modification sends out the wrong message to the industry. I would also suggest it should be a time to reassess demand requirements before making this step.

In a time when businesses are under threat of closure holding unused capacity, in areas where capacity is not freely available, is potentially preventing existing businesses who want to expand or new businesses from being able to connect. Sterilising capacity and preventing this new growth from other consumers is what we are trying to prevent.

7. As the mod says, the GDN already has the power to discuss a site's usage with its owner. The GDN should use the power of persuasion and not be dictatorial in bringing about the change they require and ignoring their consumers desire. The GDN has the power to advise the Shipper of the sites uses.

Under the SPOR process it is the shipper that has the conversations with the site (not the GDN). From an NGN perspective, we do not always have engagement from every shipper, and those that do, do not always receive engagement from the site. In the limited cases where the process outcome is an agreement of a reduction in capacity, the actual capacity reduction rarely, if at all, occurs.

8. I am opposed to giving the GDN the power to independently decide how much capacity a site can have.

We acknowledge this as a personal opinion, which, of course, everyone is entitled to. NGN do expect that this modification will not be liked by everyone, however we appreciate all the views and comments received via workgroup and consultation.
Do note also that the Modification includes an appeal process that is intended to enable discussion amongst all parties involved. Hopefully the answers to the other questions posed will give some additional clarity and reassurance around the reason for this modification and its limited scope.

9. Unless any reduction in capacity demand is immediately replaced by new consumers, charges for all remaining users will automatically increase to recover the GDN's allowed revenue.

We anticipate that the sites will be in an area where there is little or no available capacity for other users. Part of the history of sites that will be considered is whether we have had nomination referrals that have had to be rejected due to unavailable capacity, therefore we would expect a take up of the capacity by other parties. History of new connection requests that resulted in specific reinforcement costs to the applicant, and then not taken up, will also be considered when assessing the potential sites that this may impact. This is the reason for the modification, i.e. to free up unused capacity for others who require it where there is currently none available.

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We do however accept that this cannot be guaranteed, so whilst unlikely, there is the possibility that this could happen.

10. Many consumers, including domestic, will have last used their maximum demand in March 2018, more than 4 years ago, which negates the three years contained in the modification.

Making an assumption that this date is potentially an error, and that this refers to Covid, (1st lockdown was from March 2020): The Modification is drafted as '3 years with extra time taken into account for periods of exceptional circumstances', therefore counting both Covid and the energy crisis as exceptional circumstances would currently extend the period of assessment back to 3 years pre Covid, (to March 2017) which in reality is at least a 6 year assessment period).

It should also be noted that domestic sites are excluded from the modification due to one of the specific criteria the site has to meet being 'That the Site is in Class 1'.

11. Perhaps there is a role for the amended Demand Side Response product to encourage large consumers to reduce their firm capacity bookings with the balance made up by DSR. Alternately consumers requesting a new connection could be offered a non-firm capacity booking linked to DSR.

The DSR is an NTS only product (i.e. not available to Distribution Networks) and is specifically around voluntary curtailment to reduce impact of a Gas Deficit Emergency on Firm Load Shedding requirements. This is therefore not relevant to UNC modification 0818.

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Proposers general comments

This will impact some large I&C consumers, by reducing costs where capacity is held but not utilised. It should also allow new connections for consumers in the same 'constrained' areas of the network where a site has been identified, and successfully had capacity reduced under this process.

It potentially could result in savings for all end consumers by reducing the need for reinforcement, which is included in DNO pricing, where a successful capacity reduction removes the need for reinforcement of a Distribution Network in relation to maintaining 1 in 20 peak demand. It should be noted that charging is between DNO & Shipper User, and the impact of any changes to these costs, to the end consumers, would be subject to how the rest of the supply chain manage and process these.

What is the current consumer experience and what would the new consumer experience be?

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability ~~This should remove any artificial constraint and therefore improve security of supply~~	~~Positive~~None

Lower bills than would otherwise be the case Decreasing the Capacity charge element for identified sites where Supply Point Offtake Rate is reduced for Class 1 sites. Potentially reducing the need for Sites to have to fund reinforcement works where they require additional or new capacity in 'restricted' areas of the Distribution Network	Positive for transportation costs for site in relation to site specific reinforcement costs.
Reduced environmental damage As this could ~~P~~potentially reducing the need for reinforcement works, which can have an impact on the environment, ~~both by the works themselves, and by the usage of plastics (pipes).~~ the impact to the environment will be by definition be lower where no works take place, than they would be where any works take place, regardless of the care and consideration of impact of these works.	Positive
Improved quality of service Potentially reducing the need for Sites, who meet the criteria as stated in Gas Transporter Licence Condition 4b Connections Charging Methodology Statement[2] , to have to fund reinforcement works where they require additional or new capacity in 'restricted' areas of the network Potentially reducing the risk of reinforcement works on the Distribution Network, Any reinforcement works impacts consumers and general public in the area. Roadworks as well as temporary interruptions or fluctuations to supply may be an impact of reinforcement that would therefore be reduced if less, or no, reinforcement was needed.	Positive in relation to impact of reinforcement.
Benefits for society as a whole The ability for new sites to potentially connect without reinforcement costs could have an impact as to whether a business or site sets up in the area, which could have a direct impact on local jobs and economy	Positive (at a local level)

Cross-Code Impacts

No Cross code impacts have been identified. This only impacts DN direct connect sites that are Class 1 and that meet specific criteria.

EU Code Impacts

None identified.

Central Systems Impacts

Identified system changes:

[2] https://www.northerngasnetworks.co.uk/document-library/

CDSP to enact capacity reduction where Shipper has failed to do so (Change to DSC Service line as the relevant Shipper should bear any specific CDSP costs of reducing the capacity, including any administration costs)

CDSP to apply & remove Ratchet 'soft landing'

CDSP to provide reports to DNs in relation to bookings vs capacity etc as identified under any required Change process

CDSP to manage process and provide relevant manual or system flows to ensure data is passed between DNs and Shipper Users in relation to the process

Due to the limited number of sites that could potentially be included in this modification proposal, it is envisaged that the CDSP would manage this as a manual process using existing resources. ~~.~~

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) 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.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Relevant Objectives *a) efficient and economic operation of the pipe-line system* and *c) efficient discharge of the licensee's obli*gations are furthered due to the actual bookings closer reflecting the usage of the Distribution Network. Thereby allowing for more efficient and accurate modelling, and reducing potential risk in maintaining 1 in 20 peak demand. This should thereby decrease the need for unnecessary reinforcement of the network in order to maintain the 1 in 20 position as required by Gas Transporters Licence Standard Special Condition A9.

Relevant Objective *d) securing of effective competition (i) between relevant shippers* is furthered due to the release of unused capacity in 'restricted' areas, thereby facilitating increased competition by releasing this capacity to be available for other shippers to also request to utilise.

8 Implementation

As this is an authority direction Modification it could be implemented as soon as directed by the Authority.

9 Legal Text

Text Commentary

To be provided.

Text

To be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.