

Modification proposal:	East Surrey Pipelines Ltd (ESP) Network Code 119, ESP Networks Ltd (ESPN) Network Code 119, ESP Pipelines Ltd (ESPP) Network Code 119: Harmonisation of Implementation timescales for iGT Changes		
Decision:	The Authority ¹ directs that each of these modifications be made ²		
Target audience:	Parties to the ESP, ESPN, ESPP Network Code and other interested parties		
Date of publication:	17 January 2007	Implementation Date:	To be confirmed by ESP

Background to the modification proposal

Currently there is no formal governance structure to implement changes to Independent Gas Transporters' (iGT) network codes. This can lead to problems when shippers or indeed the iGTs themselves try to implement modifications to common procedures.

The modification proposal

ESP, ESPN and ESPP 119 seeks to align the timescales in which iGT changes are implemented, with three scheduled releases a year; in February, June and November. This is consistent with existing practices in the electricity industry, as well under the gas Supply Point Administration Agreement (SPAA) and more recently the Uniform Network Code (UNC).³

In addition, it is proposed that an indicative timetable for implementing a modification proposal should be the following:

- 6 months minimum for changes impacting systems and software;
- 4 months minimum for changes impacting operational procedures; or,
- 2 months minimum for changes to documentation only

These minimum periods would be calculated from the date of the Authority's direction to implement.

This modification proposal therefore seeks to facilitate the change process, by ensuring all parties schedule iGT changes in an efficient, economic and orderly manner. Adoption of a minimum implementation period and a structured scheduled release is expected to reduce the risk and thereby the costs by ensuring Users have sufficient time to plan resources for implementation. The Modification Proposal therefore seeks to align the UNC, SPAA and Electricity release dates. The alignment of implementation dates is expected to enable Parties to effectively plan.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ UNC modification 010: 'Amendment to the minimum notice required for UK Link changes' was accepted by the Authority on 7 November 2005.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 19 December 2006. The Authority has considered and taken into account the responses to the ESP, ESPN and ESPP's consultation on the modification proposal which are attached to the FMR. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the ESP, ESPN and ESPP Network Code⁴; and,
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁵.

Reasons for the Authority's decision

ESP, ESPN and ESPP had four responses to the consultation, all of which supported the implementation of this modification proposal. Respondents generally considered that this proposal would provide an opportunity for shippers to improve the planning and efficiency of system changes.

We too consider that it is important that all parties are able to implement modifications in an economic and efficient manner; in this respect we consider that the introduction of an implementation timetable and the bundling of iGT changes to three releases per year, should provide Network Code parties with greater clarity and transparency and may enhance the efficient operations of the modification implementation procedures.

We are aware that scheduled releases are commonplace in the electricity industry, particularly the Master Registration Agreement (MRA) and Balancing and Settlement Code (BSC), although in the case of the latter they are a matter of working practice rather than being a requirement of the Code. In gas⁶, the SPAA and now the UNC include provisions for three scheduled releases a year. We acknowledge that it can be appropriate to harmonise processes as long as it does not restrict the efficient implementation of modifications.

We therefore considered that the implementation of this modification proposal will allow parties to benefit from a coordinated approach to system/process development and will further facilitate the efficient and economic operation of their pipeline.⁷

We acknowledge the GT's decision to withdraw its original comprehensive legal text and to resubmit an alternative legal text which better reflects the intention of the modification. We note the GT's concern that shippers should not be faced with uncoordinated and unscheduled changes that necessitate changes in their processes, but we do not consider that the changes made to the legal text, which rectifies the GT's concerns, fulfilled the intent of the modification proposal. However parties are welcome to submit future modification proposals, as they see fit.

⁴ As set out in Standard Condition 9(1) of the Gas Transporters Licence, see: http://62.173.69.60/document_fetch.php?documentid=4311

⁵ The Authority's statutory duties are wider than the relevant objectives and are detailed mainly in the Gas Act 1986.

⁶ We note also that a similar modification 'Harmonisation of Implementation timescales for iGT Changes' was approved in the Network Code of the following iGTs SSE (SSEP021) and GUC (GUC008).

⁷ As set out in Standard Condition 9(1) of the Gas Transporters Licence, see: http://62.173.69.60/document_fetch.php?documentid=4311

Decision notice

In accordance with Standard Condition 9 the Gas Transporters Licence, the Authority, hereby directs that modification proposals ESP119, ESPN119, ESPP119: Harmonisation of Implementation timescales for iGT Changes be made.

A handwritten signature in black ink, appearing to read 'Sarah Harrison', written in a cursive style.

Sarah Harrison
Managing Director of Corporate Affairs

Signed on behalf of the Authority and authorised for that purpose.