

Modification proposal:	Uniform Network Code (UNC) 207: Change to Telemetry Requirements in OAD for SOMSA Exit		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	21 July 2008	Implementation Date:	To be confirmed by the Joint Office

Background to the modification proposal

There are currently 117 shared sites where both National Grid NTS and Distribution Networks (DNs) assets are present and where National Grid NTS depends upon DN telemetry facilities for site control and information provision.

In the future, DN operators (DNOs) may decide to exit the System Operator Managed Services Agreement (SOMSA) and take control of their own networks using their own Supervisory Control And Data Acquisition (SCADA) systems.

Section E of the UNC Offtake Arrangements Document (OAD) contains enduring arrangements for telemetry facilities which will come into effect as each DNO leaves the SOMSA arrangements. At present, the enduring arrangements assume that National Grid NTS-owned telemetry will be installed and commissioned on all shared sites and that National Grid NTS will no longer need to use the DNO-owned equipment. While this is the long term aim, it is generally more economic and efficient to change existing assets at the end of their life cycle.

The modification proposal

UNC Modification Proposal 207 proposes that Section E of the UNC OAD is modified to allow National Grid NTS to continue to use DN telemetry facilities for site control and information provision following a DNO exiting the SOMSA arrangements until this equipment comes to the end of its service life. This would enable an economic replacement programme whilst facilitating DNO exit from SOMSA by formalising the continued exchange of telemetry and control signals between existing National Grid NTS and DNO equipment.

The proposer is of the view that implementation of the change may assist with the achievement of the relevant objective in standard special condition A11.1(a) "the efficient and economic operation of the pipe-line system to which this licence relates." The modification will effect this by enabling National Grid NTS to progress with a phased programme for telemetry and control systems replacement, allowing for a gradual change out of assets as they reach the end of their operational life. This would allow the full value of the existing assets to be realised before additional investment is undertaken.

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.

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

UNC Panel³ recommendation

At the Modification panel meeting held on 15 May 2008, of the 8 Voting Members present, capable of casting 10 votes, 10 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 15 May 2008. The Authority has considered and taken into account the responses to the Joint Office's consultation on the modification proposal which are attached to the FMR⁴. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC⁵; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties⁶.

Reasons for the Authority's decision

Having considered the final modification report and the views of the respondents to the Joint Office consultation Ofgem agrees with the view of the Panel that this proposal should be implemented.

We note that two of the respondents offered only qualified support, suggesting that the legal text was too restrictive. The respondents stated the legal text was not clear in terms of provision of data and that it should be clearer within the legal text that the obligation is to continue to provide information on a like for like basis.

Ofgem is of the view that the proposal better facilitates relevant objective (a) of Standard Special Condition A11 of the gas transporters licence. Ofgem considers Modification Proposal UNC207 will allow National Grid NTS the opportunity to implement a timely replacement programme based on individual asset life rather than a general wholesale replacement programme. The proposed modification would allow National Grid NTS to continue to use DNO telemetry systems for both information provision and control of valves and plant that is essential for the safe operation of the NTS. Without implementation of this proposal National Grid NTS would have to install new telemetry at all 117 affected DNO sites within uneconomic timescales.

³ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules

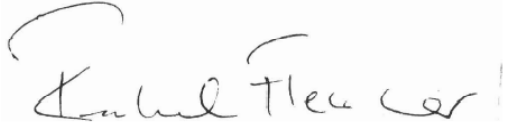
⁴ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.com

⁵ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547

⁶The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority, hereby directs that modification proposal UNC 207: *Change to Telemetry Requirements in OAD for SOMSA Exit* be made.

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', is written over a light grey rectangular background.

**Rachel Fletcher,
Director, Distribution.**

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