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09 February 2007
Dear Indra,

Response to Draft Standard Special Condition D12 ('Requirement to offer terms for the provision of gas entry points') included in "Entry arrangements for connecting to the gas distribution network" Decision Document (3 January 2007)

In response to your request in the Decision Document for comments on the draft licence condition, please find attached our suggested changes, together with explanatory notes to accompany the more significant proposed amendments.

Paragraph 3b and Paragraph 10: Definitions

As previously mentioned in our letter of 8 December 2006, our substantive concern with the proposed condition is that it places an obligation on the DNO to offer connection terms based on the maximum capacity of the entry point at 1:20 demand conditions, which we do not believe to be a satisfactory basis for a Licence Condition.

Due to the physical nature of an embedded DN entry point, we do not believe it is appropriate to place on us an obligation to define the capability of the connection in these terms. Such a figure would simply provide an upper limit to the amount of gas that can flow at peak demand and is not representative of how much gas can typically be delivered into the network. We believe it is more important to define a flow rate range which would have lower and upper limits to coincide instances of low, as well as high demand conditions. We believe this is relevant because the instantaneous flow rate is function of the location of the connection and the demand on the part of the network downstream of the connection. (Whole LDZ demand is irrelevant since the gas entering can only flow to feed demand downstream of the connection: gas cannot flow upstream of the entry point.) In other words, unlike supply points, the constraint that would apply to an embedded connection is the ability for the point to put gas into the system at times of low, not high demand.

Another important factor in governing the flow rates is the condition of the gas being tendered for entry by the operator. Variations in gas delivery conditions, which are outside of the control of the transporter, would also have a bearing of the flow rate. All these considerations would need to be recognised in the bi-lateral connection arrangements when determining the quantity of gas that could flow.

Consequently, the amount of gas that could flow into the network is an amalgam of many factors, many of which are outside of the control of the DNO. Consequently, we believe that offering terms that specify upper and lower flow-rate, reflecting the physical characteristics of the entry source, the condition of the gas and the configuration of the network is a more appropriate way of specifying the connection capability than using capacity at 1 in 20 demand conditions, as proposed in the draft condition.

As a solution, we have proposed revised wording which reflects that at the application stage of the process "capacity" rights are not being defined, we are dealing with the physical connection providing an engineering solution; the proposed "flow rates" wording is more appropriate when specifying and constructing a connection.

Paragraph 3a, 3c, 3d, 4, and 7

We suggest that “applicant” is used consistently throughout the condition to refer the person seeking a gas entry agreement.

Paragraph 4

The words “from any applicant” are superfluous and “off the offer” should read “of the offer”

Paragraph 5c

We believe the reference should be to a licensee’s network code (lower case), not the Uniform Network Code.

Paragraph 7

The words “for the purpose” are superfluous

Paragraph 8

The defined term “gas entry agreement” should be used instead of “agreement for gas entry points”

Paragraph 9

Change “principle” to “principal”
We have proposed our own wording for “commercial sensitivity” which links to any confidentiality terms that may be establish as part of any negotiations between the licensee and an applicant.

Paragraph 10: definition of “gas entry point”

We propose that the definition of entry point is amended for clarity to ensure that DN to DN interconnections, as well as NTS to DN offtakes, are excluded from the condition.

We trust you will be able to make use of our comments and suggestions in your subsequent drafting and naturally we are available to discuss our suggestions.

However, we realise that a move away from a “capacity” definition may require further explanation, and hence, a further meeting may be appropriate. If you believe that there would be benefit in such a meeting, please do not hesitate to contact Alan Raper on 01926 653559, (alan.raper@uk.ngrid.com).

Yours sincerely,

Phil Lawton.