

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0610**  
"Revision to Prospective Publication of Further Forward and Option Entry Capacity  
Information"  
Version 1.0

**Date:** 29/01/2003

**Proposed Implementation Date:**

**Urgency:** Urgent

**Justification**

Following implementation of Modification Proposal 0587, Prospective Publication of Further Forward and Option Entry Capacity Information, on 23 October 2002, it was subsequently identified by the Proposer that the legal text Ofgem directed should be implemented did not fully address the intent of the original Proposal. The text did not require Transco to publish information relating to tender offers where, for that ASEP and time period combination, no offers had been accepted by Transco for Forward or Option tenders.

The industry has discussed the issue at the NT&T workstream and agreed that the most appropriate way forward is for Transco to raise a Modification Proposal to address the additional information requirement not originally included in the legal text associated with Modification Proposal 0587. The Proposer of Modification Proposal 0587 has expressed the view that additional information about forwards and option tender processes should be released prior to the MSEC Auctions (for the April – September 2003 capacity period) that are due to commence on 12 February 2003.

To facilitate the consideration of this Modification Proposal, in conjunction with other Modification Proposals for information release about Capacity Management Agreements (that might enable the publication of such information prior to the next set of MSEC auctions) would necessitate this proposal being considered on an urgent basis. Transco's proposed timetable is:

|  |            |
|--|------------|
| Proposal submitted to Ofgem for consideration of urgent status | 30/01/2003 |
| Proposal agreed as Urgent                                      | 31/01/2003 |
| Circulate proposal to Users requesting representations         | 03/02/2003 |
| Representation Close-Out                                       | 05/02/2003 |
| Final Modification Report to Ofgem                             | 07/02/2003 |
| Ofgem Decision Expected  | 11/02/2003 |

**Nature of Proposal**

Implementation of this Proposal in conjunction with the provisions in Network Code introduced with the implementation of Modification Proposal 0587 will ensure that: For each forward tender held following the implementation of this Modification Proposal, Transco should publish the following information in respect of each ASEP

and each day of the forward delivery period combination for which it enters into a Forward Agreement:

- the volume weighted average price of forward tender offers received;
- the volume of forward tender offers received;
- the minimum price of forward tender offers received;
- the maximum price of forward tender offers received;
- the volume weighted average price of forward tender offers accepted;
- the volume of forward tender offers accepted;
- the minimum price of forward tender offers accepted; and
- the maximum price of forward tender offers accepted.

This information should be published on the Business Day following that on which Transco enters into such Forward Agreement(s). For each forward tender where Transco receives tender offers but does not enter into any Forward Agreement(s) in respect of any ASEP/forward delivery period combination, then Transco should publish within four Business Days following the last day of the tender for each such ASEP / forward delivery period combination:

- the volume weighted average of all valid offers received;
- the aggregate volume of all valid offers received;
- the minimum price of valid offers received; and
- the maximum price of valid offers received.

For each option tender held following the implementation of this Modification Proposal, Transco should publish the following information in respect of each ASEP/ Option Exercise Period combination for which it enters into an Option Agreement:

- the volume weighted average of option strike prices received;
- the volume of option tender offers received;
- the minimum of offered option strike prices;
- the maximum of offered option strike prices;
- the volume weighted average of accepted option strike prices;#
- the volume of option tenders accepted;
- the minimum of accepted option strike prices; and
- the maximum of accepted option strike prices.

This information should be published on the Business Day following that on which Transco enters into such Option Agreement(s). For each option tender where Transco receives tender offers but does not enter into any Option Agreements in respect of any ASEP/option exercise period combination, then Transco should publish within four Business Days following the last day of the tender for each such ASEP / option exercise period combination:

- the volume weighted average of all valid offers received;
- the aggregate volume of all valid offers received;
- the minimum price of valid offers received; and the maximum price of valid offers received.

Where Transco exercises one or more Option Agreements in respect of a Gas Day Transco should also notify Users of the volume of entry capacity options exercised at each relevant ASEP on that Gas Day and the weighted average strike price of the options exercised at each relevant ASEP on that Gas Day. This information should be published on the next Business Day following the Gas Day associated with the exercise of such Option Agreements.

### **Purpose of Proposal**

Implementation of the Proposal would allow the original intent of Modification Proposal 0587, as expressed by its Proposer, to be met. Thus if implemented this Proposal would ensure the publication of data elements defined in respect of offers received for all forwards and option tenders even where no such offers are accepted by Transco.

### **Consequence of not making this change**

The full set of information defined above might not be published. Specifically where Transco has not accepted any offers in forward or Option tenders for one or more ASEP/time period combinations then there might be circumstances when the offer information summaries might not be published.

### **Area of Network Code Concerned**

Section B and Transition Document Part II Section B.

### **Legal Text**

#### **SECTION B**

Amend paragraph 2.8.8 as follows:

“For the purposes ...:

“**Forward Agreement**” means ...;

“**Option Agreement**” means ...;

“**Relevant Forward Combination**” means a specific combination of Aggregate System Entry Point and forward delivery period as set out in a valid tender offer submitted to Transco pursuant to a Tender Invitation Notice;

“**Relevant Option Combination**” means a specific combination of Aggregate System Entry Point and option exercise period as set out in a valid tender offer submitted to Transco pursuant to a Tender Invitation Notice; and

“Tender Invitation Notice” means ... .”

Amend paragraph 2.8.9 as follows:

“(a) Where, in respect of a Relevant Forward Combination and pursuant to a Tender Invitation Notice, Transco enters into Forward Agreement(s) with

Users...giving effect to this paragraph (a), it shall publish on the Business Day following that on which it enters into such Forward Agreement(s) and in respect ...:

- (i) ... Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
- (ii) ... received by Transco for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
- (iii) ... Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
- (iv) ... Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;
- (v) in respect of such Forward Agreement(s), the volume weighted average price ...;
- (vi) in respect of such Forward Agreement(s), the aggregate quantity ... ;
- (vii) in respect of such Forward Agreement(s), the minimum price ... ; and
- (viii) in respect of such Forward Agreement(s), the maximum price ... .

(b) Where, in respect of a Relevant Option Combination and pursuant to a Tender Invitation Notice, Transco enters into Option Agreement(s) with Users... giving effect to this paragraph (b), it shall publish on the Business Day following that on which it enters into such Option Agreement(s):

- (i) ... Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
- (ii) ... received by Transco for that Relevant Option Combination pursuant to that Tender Invitation Notice;
- (iii) ... Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
- (iv) ... Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;
- (v) in respect of such Option Agreement(s), the volume weighted average strike price ...;
- (vi) in respect of such Option Agreement(s), the aggregate quantity ...;
- (vii) in respect of such Option Agreement(s), the minimum strike price ...; and

(viii) in respect of such Option Agreement(s), the maximum strike price  
....

(c) ...this paragraph (c), Transco ...:

(i) ...; and

(ii) ...

(d) Where, after the date of implementation of the modification proposal giving effect to this paragraph (d) and pursuant to a Tender Invitation Notice, Transco receives valid tender offers in respect of a Relevant Forward Combination but Transco does not enter into any Forward Agreements with Users in respect of that Relevant Forward Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish, within four Business Days following the last Day on which such tender offers may have been submitted to Transco pursuant to that Tender Invitation Notice, and in respect of each Gas Flow Day in the relevant forward delivery period:

(i) the volume weighted average price in respect of all valid offers received by Transco for the surrender of Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(ii) the aggregate quantity of Firm System Entry Capacity for which valid offers to surrender were received by Transco for that Relevant Forward Combination pursuant to that Tender Invitation Notice;

(iii) the minimum price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice; and

(iv) the maximum price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Forward Combination pursuant to that Tender Invitation Notice.

(e) Where, after the date of implementation of the modification proposal giving effect to this paragraph (e) and pursuant to a Tender Invitation Notice, Transco receives valid tender offers in respect of a Relevant Option Combination but Transco does not enter into any Option Agreements with Users in respect of that Relevant Option Combination pursuant to that Tender Invitation Notice, it shall nevertheless publish within four Business Days following the last Day on which such tender offers may have been submitted to Transco pursuant to that Tender Invitation Notice:

(i) the volume weighted average strike price in respect of all valid offers received by Transco for the surrender of Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(ii) the aggregate quantity of Firm System Entry Capacity for

which valid offers to surrender were received by Transco for that Relevant Option Combination pursuant to that Tender Invitation Notice;

(iii) the minimum strike price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice; and

(iv) the maximum strike price offered by Users in valid offers for the surrender of Firm System Entry Capacity for that Relevant Option Combination pursuant to that Tender Invitation Notice.”

## **TRANSITION DOCUMENT PART II**

Amend paragraph 8.1.4 as follows:

“B2.8.9 For the purposes of Sections B2.8.9(a), (b) and (c) and notwithstanding the provisions thereof, there shall be no obligation on Transco to provide any information which shall or may be in breach of any of the confidentiality provisions of a Forward Agreement or an Option Agreement entered into on or prior to 25~~3~~ October 2002. For the purposes of Sections B2.8.9(d) and (e) and notwithstanding the provisions thereof, there shall be no obligation on Transco to provide any confidential information of a User in respect of any tender offer made pursuant to a Tender Invitation Notice issued by Transco on or prior to [date of implementation of this Mod 0610 to be inserted] 2003.

### **Proposer's Representative**

Nigel K Sisman (Transco)

### **Proposer**

Tim M Davis (Transco)

### **Signature**

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