

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0457
"Operational Linepack service"
Version 1.0

Date: 13 March 2001

Proposed Implementation Date: 1 April 2001

Urgency: Urgent

Justification

Following the implementation of Modification 415 "Phased Reduction in Shipper Tolerances", Modification 440 "Cancellation of the auction of tolerance services by March 2001" and Modification 433 "Change to System Cash Out Prices" a situation has arisen that unduly penalises Shippers for small imbalances. The current regime does not provide any distinction between imbalances caused by trading and imbalances caused by upstream or downstream operations. It also does not allow for a market reflective price for unavoidable small imbalances as a penal cash out price would apply for all imbalances, and does not provide the benefits that exist within the system due to the fact gas can be stored.

Also it has been identified in the Modification Report 439 "New Network Code Validation Rules" that due to the variance in temperature and pressure each day the accuracy of the validated meter reads are subject to a tolerance range dependant on the consumption. Due to the variance in CV and other factors it is impossible to predict the exact offtake of a DM site.

Due to the aggregate effect that exists on larger portfolios and the limited capabilities of the system each Shipper's linepack would have to be subject to a cap.

The minimum quantity is equal to the minimum quantity that will be tradable on the OCM from the 1st May should change proposal CP00046 go ahead. The maximum quantity is designed to be well within the system's capabilities.

Purpose of Proposal

To provide a small linepack amount to Shippers related to their upstream or downstream operations.

This proposal is the first step in creating a linepack service, which can be developed further at a later date.

The linepack service this modification proposes is an intermediate step between the old tolerance regime and a future full linepack service. It uses many of the features of the past regime applied in a new way to the advantage of the industry. This is necessary as the new linepack regime has not yet been sufficiently developed to take over when the old tolerance service ceases to exist from the 1st April following modification 415.

Nature of Proposal

Where the sum of a user's UDQOs and UDQIs is greater than zero the user will have a linepack quantity calculated as follows, subject to a cap and collar, where any imbalance within this amount is not cashed out within day but have the imbalance carried over to the next day.

The Imbalance Linepack quantity for a User for a Day shall be determined as the sum of the following, subject to a maximum and minimum quantity:

- (i) the inner tolerance applicable for the User's UDQOs in respect of DM supply Point Components, including VLDMC Supply Point Components, as specified in the "Network Code Validation Rules" (referred to in section M1.5)
- (ii) 1% of the User's UDQOs in respect of relevant Connected System Exit points and
- (iii) 1% of the User's UDQIs in respect of System entry points

Where the linepack quantity is greater than zero, the linepack will be the greater of:

- (i) the amount calculated above
- (ii) 117,228 kWh

and the lessor of

- (i) the amount calculated above
- (ii) 293,071 kWh

Consequence of not making this change

Shippers will be unduly penalised for small imbalances that are within the system's capabilities from the 1st April for all imbalances irrespective of the way in which they are caused.

Area of Network Code Concerned

Section F

Proposer's Representative

Katy Bron

Proposer: Katy Bron

Position: Operations Administrator

Company: Cinergy Global Trading

Signature