

Draft Modification Report
Amendment to Curtailment time for Interruptible Entry Capacity.
Modification Reference Number 0461

Version 3.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

It is proposed that the last effective curtailment time for Interruptible System Entry Capacity is amended from 24:00 hours to 02:00 hours on the Gas Flow Day.

2. Transco's Opinion

Transco supports implementation of this Modification Proposal, which would remove the current inconsistency within the Network Code between the last effective time for the curtailment of Interruptible System Entry Capacity and the last effective time for the buy back of Firm System Entry Capacity.

At present, the last curtailment time for Interruptible System Entry Capacity is 24:00 hours on the Gas Flow Day. However, Users are able to submit offers to surrender Firm System Entry Capacity up to 02:00 hours on the Gas Flow Day. These times indicate that between 24:00 hours and 02:00 hours on the Gas Flow Day the only commercial constraint management tool available to Transco is the buy back of Firm System Entry Capacity. Transco believes that both constraint management tools should be available for as long as reasonably practical, allowing it to determine the most appropriate action to take in the event of a need to do so.

Transco also believes that the Modification Proposal would ensure that the firm and interruptible capacity services are treated in accordance with the underlying principles for the constraint management process within the Network Code. Currently there is the potential for the buy back of firm capacity to take place even though interruptible capacity has not been scaled back to a zero flow rate. The proposal would remove this possibility and hence could potentially lead to a reduction in buy back costs, which would be of benefit to all Monthly System Entry Capacity holders that would otherwise incur these costs.

3. Extent to which the proposed modification would better facilitate the relevant objectives

Under current Network Code provisions the only constraint management tool available to Transco during the hours of 24:00 to 02:00 on the Gas Flow Day is the buy back of Firm System Entry Capacity. This could result in buy back costs being generated when a more appropriate action may have been the curtailment of Interruptible System Entry Capacity.

Allowing Transco to have access to both constraint management tools for as long as reasonably practical should enable it to manage the system in the manner it considers would be the most appropriate, therefore enhancing the efficient operation of the system.

**4. The implications for Transco of implementing the Modification Proposal , including
a) implications for the operation of the System:**

Between the hours of 24:00 to 02:00 on the Gas Flow Day, Transco would be able to scale back interruptible entry capacity if deemed appropriate, therefore reducing the likelihood of firm capacity buy back during this time.

b) development and capital cost and operating cost implications:

The system development costs that would be incurred to facilitate the change to the last effective curtailment time are not expected to be significant. No changes to operating costs are anticipated.

Any impact on buy back costs is expected to be minimal. Since the introduction of the within day capacity market in June 2000, no actions have been taken by Transco between 24:00 and 02:00 hours.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

Costs of system development would be met from allowed revenues for such purposes.

d) analysis of the consequences (if any) this proposal would have on price regulation:

No such consequences have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

No consequences of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code have been identified.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

In order to implement the proposal a parameter change and some minor code changes would be required to Transco's RGTA capacity system. No other impact on the computer systems of Transco or the related systems of Users is anticipated.

7. The implications of implementing the Modification Proposal for Users

Transco would be able to curtail the Monthly Interruptible System Entry Capacity held by Users up to 02:00 hours on the Gas Flow Day.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

No such consequences have been identified.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages :

Harmonising the time periods for curtailment of Interruptible System Entry Capacity and buy back of Firm System Entry Capacity would allow Transco to have access to both constraint management tools up to 02:00 hours on the Gas Flow Day. Transco would therefore be able to assess the most appropriate action to take in the event of a need to do so between the hours of 24:00 and 02:00.

Transco is not aware of any disadvantages were this Modification Proposal to be implemented.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations are now sought on this draft Modification Report.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Implementation is not required to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement furnished by Transco under Standard Condition 3(1) of the Licence

Not applicable.

14. Programme of works required as a consequence of implementing the Modification Proposal

A programme of works is not required as there would be no changes to UK-Link systems as a consequence of implementing the Modification Proposal.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

In examining the timescales for the implementation of this Modification Proposal, Transco would wish to avoid problems with system changes similar to those recently experienced and would therefore propose to leave adequate time for sufficient testing. This could mean implementation as late as 1st October 2001, in line with the commencement of the Gas Year and in accordance with the following proposed timetable :

Completion of system changes : 6 August 2001

Completion of User Acceptance Testing : 7 September 2001

Implementation date : 1 October 2001.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal is implemented.

17. Text

Section B 2.10.2.(ii)

"the time ("**curtailment effective time**").....shall not be earlier than 06:00 hours nor later than ~~24:00~~ 02:00 hours on the Gas Flow Day...."

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Tim Davis
Manager, Network Code

Date: