

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0464
"Supply Point Registration Process for the Optional NTS Commodity Tariff"
Version 6.0

Date: 09/05/2001

Proposed Implementation Date: 01/07/2001

Urgency: Non-Urgent

Justification

The Network Code provides for an optional NTS commodity tariff for Daily Metered sites that may be beneficial for certain large loads situated close to entry terminals. This optional rate was introduced to provide a more cost-reflective charge for sites that may otherwise have been incentivised to build pipelines to bypass the NTS.

The mechanism for redistributing revenue associated with auctions of entry capacity (monthly firm and interruptible) provides for changes in the standard NTS commodity rate when a certain level of under or over-recovery against the target revenue is exceeded. Over the previous monthly capacity auctions, this has led to the standard commodity rate falling below the optional NTS commodity rate for some sites since the optional tariff remains fixed and unaffected by the re-balancing mechanism. For such sites, the relevant shippers may request a switch to the standard NTS rate. Conversely, where the auction revenue relative to target revenue requires an increase in the standard NTS commodity rate, certain shippers may choose to register sites in order to move to the optional rate.

Transco recognises that the existing Network Code rules for shippers re-registering sites appear particularly onerous when applied solely for the purpose of changing tariff, and the fact that such sites are Unique Sites means the processes are manually driven. Transco believes that there is merit in both reducing the list of information requirements that the Registered User and Transco are required to provide and in shortening the timescales between initial nomination and the registration date set out in Network Code for the circumstances described in the modification proposal.

It is proposed that the modification would be implemented in July 2001 to allow shippers to benefit from the modified SPA processes ahead of any revision to the standard NTS commodity rate following the monthly entry capacity auctions expected to be held in July 2001.

Nature of Proposal

To streamline the site registration process set out in the Network Code in those circumstances where a shipper elects to switch between the form of NTS commodity tariff, typically following a change in the standard NTS rate as a result of revenue re-distribution from NTS capacity

auctions. The proposed process would not be available for those shippers electing to change any other site details or for those shippers that have not previously been billed on the optional tariff, as further site details would have to be registered with Transco in such circumstances

The proposed amendment to the existing process would involve a reduction in the list of information requirements that the Registered User and Transco are required to provide as part of the re-registration process and a shortening of the minimum timescales set out in the Network Code.

It is also proposed that the current restriction on shippers only being permitted to change the form of NTS commodity tariff on the 1st day of any month is lifted. To avoid any inconsistency between the registration rules for the optional NTS commodity tariff and the optional LDZ tariff, it is also proposed that this restriction would be removed for shippers applying for the optional LDZ tariff.

As part of this proposal, the draft legal text also contains an amendment for an incorrect reference within Section B 1.8.5 of the Network Code which provides for the optional NTS commodity tariff.

Purpose of Proposal

To remove part of the administrative burden involved when shippers elect to switch between the form of NTS commodity tariff and to reduce the present timescales involved in order to allow shippers to benefit from their chosen tariff at the earliest opportunity.

Consequence of not making this change

Transco and shippers would be required to adhere to the full SPA re-registration requirements on each occasion the standard NTS commodity charge is revised and the shipper elects to switch tariff. A continuation of the present timescales and the 1st of the month requirement may prevent a shipper benefiting from its chosen tariff at the earliest opportunity.

Area of Network Code Concerned

Section G 1.8 & 2

Proposer's Representative

Dominic J Harrison (Transco)

Proposer

Tim M Davis (Transco)

Signature

.....