

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0398

SHORT TITLE: Revision to price payable for Monthly System Entry Capacity for May - September 2000

DATE: 26 April 2000 **PROPOSED IMPLEMENTATION DATE:** 28 April 2000

URGENCY: Urgent

JUSTIFICATION OF URGENT STATUS:

Pricing Consultation 53 proposed a number of options for the adjustment of transportation charges to compensate for the higher than anticipated revenues arising from the last round of entry capacity auctions. One option under consideration is the reduction of the prices which will actually be paid by successful bidders for Monthly System Entry Capacity (MSEC). This modification proposal proposes a mechanism to facilitate this reduction and in view of the fact that changes may be required with effect from 1st May 2000 urgent procedures are required.

NATURE OF PROPOSAL:

The Network Code specifies that a successful bidder will pay their bid price for MSEC. This modification proposal proposes that, as a transitional measure for the period May - September 2000, the price actually paid by successful bidders is multiplied by a factor set out in the transportation statement. The factor to be applied will be calculated in accordance with Pricing Consultation 53 and, for example, should the outcome of that consultation be that no change be made to the price payable the factor would be one. The proposal also ensures that Transco's incentive is unaffected by retaining the use of prices bid for the calculation of the Transco Monthly Amount.

PURPOSE OF PROPOSAL:

The purpose of this proposal is to enable a reduction in the price paid by successful bidders for MSEC.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

If not implemented, successful bidders for MSEC would pay their bid price.

AREA OF NETWORK CODE CONCERNED:

Transitional Document, Part II, Paragraph 8,

Add new paragraphs 8.1.5 and 8.1.6 as follows :

“8.1.5 B2.9.3 In respect of the period from 1st May - 30th September 2000 for the purposes of paragraph B2.9.3(i) the Applicable Daily Rate shall be, in respect of the Monthly System Entry Capacity applied for pursuant to the invitation under paragraph B2.3, the rate (for the relevant calendar month) determined (following the relevant invitation dated in accordance with paragraph B2.3) by multiplying the monthly bid price by a revenue adjustment factor set out in the Transportation Statement.

8.1.6 B2.11.3 In respect of the period from 1st May - 30th September 2000 for the purposes of paragraph B2.11.3(e) :

A is the aggregate amount of System Entry Capacity Charges which would have been paid by Users in respect of Monthly System Entry Capacity allocated for the calendar month in accordance with paragraph B2.3 had the provisions of Transitional Document Part II section 8.1.5 B2.9.3 not applied.

B is the aggregate amount of System Entry Capacity Charges which would have been paid by Users in respect of Monthly System Entry Capacity allocated for the calendar month in accordance with paragraph B2.3 had the provisions of Transitional Document Part II section 8.1.5 B2.9.3 not applied.”

IDENTITY OF PROPOSER'S REPRESENTATIVE:

Mark Ripley

PROPOSER (please print):

SIGNATURE:

POSITION:

COMPANY: Transco

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0398

Date Received: 26/04/2000