

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No.
0388
"Removal of Storage Balancing Arrangement"
Version 5.0

Date: 23/02/2000

Proposed Implementation Date: 01/05/2000

Urgency: Non-Urgent

Justification

The provision of a Storage Balancing Arrangement and thereby the treatment of tolerances at Storage Connection Points might be considered to be discriminatory relative to the arrangements for other exit points. It is therefore proposed that the SBA provisions are removed from the Network Code.

If the SBA provisions are removed from the Network Code, the remaining provisions of the Network Code may be viewed as discriminatory for Users of Storage Facilities. Users of Storage Facilities will no longer be allocated whole to their nominations. If gas flows and the shipper has failed to obtain an approved Input Nomination against the relevant SCP, an Input UGF charge will be incurred. At all other SEPs located on the NTS this risk is managed on behalf of shippers by Transco. At all SEPs (with the exception of SCPs) shippers are deemed to have made an approved Input Nomination of zero. If gas flows at the SEP, the shipper will not be exposed to UGF charges.

Nature of Proposal

Under the Storage Balancing Arrangement (SBA) detailed in Section R 2.2 of the Network Code, a Storage Operator if it is a User, can aggregate shippers' balancing and scheduling tolerances against its own account at a Storage Connection Point (SCP). This service is not available to other Users of the system.

Transco proposes to amend the Network Code to bring arrangements for the treatment of tolerances at Storage Connection Points in line with other exit and entry points on the NTS by removing the Storage Balancing Arrangement service.

This proposal will marginally increase Users' tolerances at SCPs and consequently is expected to reduce their costs. Storage Operators costs may be expected to marginally increase as a result of this change.

Pursuant to Section R 2.2.1 of the Network Code, where a Storage Operator and Transco have elected for a SBA to apply, Shippers' User Daily Quantity Inputs (UDQI) will always be equal to their nominations at the relevant SCP, i.e. Shippers are 'allocated whole' to their nominations. It follows that a shipper cannot incur an Unauthorised Gas Flow (UGF) charge at a SCP where a SBA has been elected. However, removal of the SBA will result in Users being exposed to the risk of incurring Input UGF charges at SCPs. This is inconsistent with the treatment of all other System Entry Points (SEPs) on Transco's System.

Transco proposes to insert zero nominations on behalf of all Users with activities set up at a SCP on AT Link and apply rules which are consistent with modification 0232. This will result in Users of Storage Facilities always having an authorised zero nomination at the relevant SCP thus removing the risk of Input UGF charges.

Purpose of Proposal

The purpose of this proposal is to ensure that contractual arrangements regarding tolerances at entry and exit points (including SCPs) are standardised under the Network Code. It also helps to facilitate Transco's obligations under its PGT Licence within Standard Condition 7 (b), by ensuring non-discriminatory treatment of Users as required by standard condition 11. In addition, the proposal reduces shippers' risk in relation to the entry allocation process. The administrative burden in mitigating the risk of Input UGF charges will be managed by Transco thereby removing the requirement for each shipper to enter zero input nominations for SCPs.

Consequence of not making this change

The consequence of not making this change is that the treatment of Users' tolerances at Storage Connection Points would be inconsistent with the treatment of Users' tolerances at other Entry and Exit points. It would not be practical for Transco to offer the Storage Balancing Arrangement at all other Entry and Exit points.

If the SBA provisions are removed from the Network Code, Users of Storage Facilities will be exposed to the possibility of Input UGF charges at SCPs, whereas this risk is managed on behalf of shippers at all SEPs where a SBA is not offered.

Area of Network Code Concerned

Section F : System Clearing, Balancing Charges and Neutrality.

Section R : Storage

Section C: Nominations

Proposer's Representative

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Proposer

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Signature

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