

Draft Modification Report
Delay to Monthly Capacity Auction - Summer 2000
Modification Reference Number 0399

Version 1.0

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

Following the auctions of Monthly System Entry Capacity (MSEC) held in March 2000, discussion has commenced amongst industry participants about modifications to the auction process that may be appropriate before the next round of auctions for the purchase of MSEC for use from 1 October 2000. In order to facilitate that discussion and enable modifications to be progressed without undue haste it is proposed that completion of the forthcoming auctions is changed from the 31 July 2000 to the 31 August 2000.

In addition to views on the appropriateness of this change in date respondents are invited to comment upon alternative dates within representations.

2. Transco's Opinion

Transco supports the proposed delay in the start date of the Monthly System Entry Capacity auction. It believes that potential changes to the auction process should be afforded sufficient time for development and possible implementation in advance of the October auction start date. Transco believes a delay in the auction start date will ensure the benefits of these possible changes can be more fully evaluated prior to the auction.

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

The proposed modification will ensure that developments in the entry capacity regime which are currently being considered could be implemented in advance of the start date for the next auction. Should these developments be considered to improve the efficiency of the auctions, this proposal will allow for their implementation at the earliest opportunity.

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

No such implications are envisaged.

b) development and capital cost and operating cost implications:

The changes to the capacity auction dates can be accommodated within the existing system and no additional costs are anticipated.

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:

Not applicable.

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

Transco does not anticipate any such consequence on price regulation.

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

There are no anticipated consequences on the level of contractual risk to Transco.

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

The change to the dates of the monthly capacity auctions can be accommodated by the existing computer systems and no development work would be required.

7. The implications of implementing the Modification Proposal for Users

It would allow more time for the development of potential enhancements to the auction process, however, shippers would have less time between completion of the auction and the date when capacity will be first used.

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 are envisaged.

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 implications are envisaged.

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

Advantages :

Allows further time for discussion and potential development of the monthly capacity auctions in time for the first round of the October 2000 Entry Capacity auction.

Provides further time for shippers to assess capacity auction processes and determine their bidding strategies in the light of any potential developments

Disadvantages :

Shippers would have less time to assess and, if necessary, modify their capacity holding position through the secondary market prior to 1 October 2000.

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

This draft Modification Report is to be circulated for representations.

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

Implementation is not required as a consequence of any proposed change in the methodology established under Standard Condition 3(5) of the statement furnished by Transco under Standard Condition 3(1) of the Licence:

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

There are no modifications required to the UK-Link Systems and therefore a programme of works would not be required as a result of implementing the Modification Proposal.

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

Transco recommends that this Modification Proposal is implemented by 1 July 2000.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends that this Modification Proposal is implemented.

17. Text

Section B 2.3.2.(a)

Replace "...31st July..." with "...31st August..."

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: