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MODIFICATION PROPOSAL**SHORT TITLE: March Energy Balance - Queries****DATE: 9/7/96****PROPOSED IMPLEMENTATION DATE: 15 July 1996****URGENCY: URGENT**
Circumstances

- i) A number of shippers have identified that although the correct quantities of gas have been claimed at a terminal level that late changes to the CVA statements by some Principals has meant that the gas has been allocated at different sub-terminals resulting in Allocations being scaled down at some sub-terminals and scaled up at others.
- ii) Energy Balancing invoices are due for settlement 3 days after D&T publish their determination - Modification 41. At present this is likely to be Thursday August 1.
- iii) Any alteration to the allocated offtake quantity following determination by Deloitte and Touche may need to be followed up by the issue of a reconciliation invoice, revised capacity over-run or capacity ratchet invoice by TransCo

JUSTIFICATION:

To allow corrections to errors in March entry allocations as well as exit allocations prior to cash out of the cash neutrality regime. The proposed change will reduce the likelihood of litigation aimed at recovering the difference between quantities paid for under sales contracts and the quantities credited under transportation contracts. The proposed changes will also ensure that any resolution under this modification of the energy balancing invoice feed through to the Transportation invoices.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

A number of shippers who deliver gas at Bacton will be subject to: Capacity overruns, Scheduling Charges, Unauthorised Gas Flows, Imbalance Cash Out not justified by their actual deliveries on the day. There is also the possibility that they will be deemed to have shortfalled on sales contracts.

Any changes that are made to UDQO's will not be reflected in amended reconciliation invoices.

AREA NETWORK CODE CONCERNED:

Transition Document Part II, paragraph 8, E1.9.1 (following Mod 35)
Transition Document Part II, paragraph 8, S3.1.2 (following Mod 41)

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Principal Document Section B2.6, B3.6 and B4.7

Principal Document Section E6.1

NATURE OF PROPOSAL: It is proposed that the entry close-out timetable be amended to allow for shippers to resolve the sub-terminal allocation problems prior to the close out of the energy balancing invoice query resolution procedure(mod41) and that the energy balancing invoice query procedure be opened up to include queries on the subject of entry allocations. It is also proposed that the results of any determination are used in determining whether any invoice amendment should be issued for transportation invoices.

This proposal supersedes the following agreed urgent modifications.

- 0016 - Entry Close-out Date. (March)
- 0024 - Entry Close-out Date. (March)
- 0027 - Entry Close-out Date. (April)
- 0029 - March Entry Allocation Close-out Date.
- 0035 - Entry Allocations Close Out Date
- 0041 - Consultation on Energy Balancing Invoice

Text is as follows:

- a) In Transition Document Part II, paragraph 8 amend what is provided for in E1.9.(i) (i) pursuant to Modification 35 as follows

“for Gas Flow Dates in March 1996 shall be when the Claims Validation Agents are assured by their clients (the Network Code Users) that the sub-terminal allocation problems at Bacton are resolved such that the UDQI determined pursuant to the Code at a System Entry Point are consistent with the actual gas flows. Such date shall be as soon as reasonably possible and no later than the 22nd of July.
- b) In Transition Document Part II, paragraph 8 add to what is provided for in S 4.1 (1) clauses to the effect:

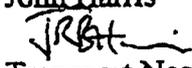
“not later than 3 days after the date determined in E1.9.1 (i) (i) A User may submit to TransCo and Deloitte and Touche, London a Notice in the form designated by TransCo for the purposes of this paragraph stating that the user believes that, by reason of a matter in within paragraph (2) iii)”
- c) In Transition Document Part II, paragraph 8 add to what is provided for in S 4.1 (2):

“(iii) an error in the determination of any UDQI in respect of a System Entry Point of that User
- d) In both Section E6.1.1 and E6.1.2 a subclause be added (*probably in the transition document section II*) to the effect that the amendments to UDQO's or UDQI's agreed under S4.1 (as amended) shall be used for issuing of amended Transportation Invoices.
- e) In all of Sections B2.6, B3.6 and B4.7 a sub-clause be added (*probably in the transition document section II*) to the effect that the amendments to UDQO's or UDQI's agreed under S4.1 (as amended) shall be used for issuing of amended Transportation Invoices

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PURPOSE OF PROPOSAL: To ensure that a one off problem caused by users failing to allocate gas to the correct sub-terminal during the month does not result in unrealistic charges being levied. To ensure that corrections are made to all invoices and not just the energy balancing invoice following determination by D&T.

IDENTITY OF PROPOSER'S REPRESENTATIVE: John Harris

PROPOSER:	John Harris
SIGNATURE:	
POSITION:	Transport Negotiator
COMPANY:	Associated Gas Supplies Ltd

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0050
Date Received 9 July 1996