



Modification Proposal 0099: Removal of Interruptible Withdrawal Limitation

Ofgas has not accepted this modification proposal.

This modification would have allowed shippers who have booked interruptible storage to use available deliverability no matter what level demand is at.

Ofgas recognises the concern that full deliverability from storage should be available on peak days to support firm customers whether it has been booked in advance or not. However, we do not accept that this proposal is the most economically sensible way of resolving those concerns.

Interruptible storage was sold at a discounted price on the basis that deliverability would not be available on days when demand was forecast to exceed 85% of peak demand or on days when all deliverability was being used by firm customers.

Shippers made their storage booking decisions on the basis of these rules. To change them now would give a windfall gain to owners of interruptible storage. This would be at the expense of those who have booked firm storage and would see the value of their investment reduced.

As we have noted in the Ofgas paper "Gas Supply and Demand", TransCo has booked Top Up storage to maintain firm demand on the 1 in 20 peak day. If additional storage deliverability is required beyond this level in order to maintain firm demand, unbooked storage deliverability at Rough could be used by the Top Up manager who would then pay overrun charges.

We believe therefore that the current mechanism is adequate to ensure all necessary storage deliverability is made available to the system and the current modification proposal should not be accepted for this winter. However we have asked TransCo to consider if any further adjustments are necessary.