

MODIFICATION PROPOSAL

SHORT TITLE: Change Hornsea Price Tender Charging Methodology

DATE: 17th September 1996

PROPOSED IMPLEMENTATION
DATE: By February 1997

JUSTIFICATION: The methodology for determining Hornsea charges for the Storage Year 1995/96 and set out in the Network Code was found to be unacceptable by Ofgas due to shippers paying different charges for the same service.

A changed methodology was used for the Annual Storage Invitation for the 1996/97 Storage year. The Network Code needs to be changed to reflect the revised methodology.

CONSEQUENCE OF NOT MAKING THIS CHANGE

The Network Code will continue to reflect a methodology which is no longer appropriate and unacceptable to Ofgas.

AREA OF NETWORK CODE CONCERNED

Section R 3.5 Page R15-R17

NATURE OF PROPOSAL

It is proposed that the process of inviting price tenders and allocating capacity will remain unchanged, however all successful bidders will pay the market clearing price rather than the price that they bid.

In the event that the process results in a "Preceding Year User" not being allocated their "Preceding Year Entitlement" in full (or the total "Capacity Entitlement" if less) then they will be offered the "High Weighted Average Price" as determined by bids received.

PURPOSE OF PROPOSAL

The purpose of this proposal is to amend the Network Code to reflect the process that actually takes place.

The revised process will ensure that all successful bidders will pay the same price, which will be their bid price or less.

IDENTITY OF PROPOSER'S REPRESENTATIVE: Irene Davies

PROPOSER : Paul Whittaker
POSITION : Commercial Manager
COMPANY : TransCo

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0077

Date Received 17th September 1996