

REVIEW GROUP - TERMS OF REFERENCE

PROPOSAL REF 0100: REVIEW OF THE FLEXIBILITY MECHANISM

Composition

Chris Train	TransCo
Graham Ryott	TransCo
Eric Fowler	TransCo
Frank Gracias	TransCo
Phil Dowson	Mobil
Julie Cox	National Power
Nick Simpson	BGT
Doug Wood	Enron
Paul Foxall	UKOOA
Jeanne Zaiontz	Amoco
Adrian Leaker	Kinetica
Paul Mason	BP Gas Marketing
David Turner	Alliance
Jackie Boyle	United Gas
Clare Rosenfeld	Quadrant Gas
Nick Wye	Agas
Rob Galor	Powergen
Peter Lambert	Ofgas

Scope of Review Group

To review and develop operation of the Flexibility Mechanism in view of operational experience to date. Additionally to consider proposals which may assist in the efficient and economic operation of the Flexibility Mechanism and the BG TransCo system. Consider the relationship with external markets.

Work to be undertaken

The Review Group will need to consider:

- Access to the Flexibility Mechanism of any buyer or seller of natural gas, providing such buyer or seller meets the minimum volumetric level of bids.
- Requirement for capacity reservation for flexibility bids.
- The economic operation of the Flexibility Mechanism in balancing the system.
- Separation of the penalties associated with imbalances, from the costs associated with the Flexibility Mechanism.

- Changes to AT-LINK functionality to allow for more efficient operation of the Flexibility Mechanism.

Timetable

A monthly report will be produced for each Modification Panel.

The Review Group will produce a report for consideration by the June 1997 Modification Panel.