

MODIFICATION PROPOSAL: 0094

SHORT TITLE: Capacity Overruns - 1.3.96 to 31.9.96

DATE: 8 November 1996

PROPOSED IMPLEMENTATION DATE: 1 March 1996

URGENCY: Urgent

JUSTIFICATION: The purpose of the overrun regime is to incentivise the booking of adequate capacity in line with security standards.

CONSEQUENCE OF NOT MAKING THIS CHANGE: In the early months of Network Code numerous and sometimes large overrun charges were incurred by a majority of shippers. The evidence suggests that the overwhelming majority of these overruns are a consequence of procedural or administrative errors as opposed to decisions by shippers to underbook capacity.

It is undesirable that such large charges are upheld, first, because this was a learning or "soft landing" period and, secondly, because the low value of capacity in the summer period is not reflected in the overrun multipliers. This is most apparent at storage entry points where the value of summer capacity has no premium whilst the storage entry overrun multiplier is 10 times larger.

For avoidance of doubt, TransCo is financially neutral to this proposal as it is the adjusted overrun charges which are counted as formula revenue.

AREA OF NETWORK CODE CONCERNED: Most shippers will be required to pay numerous and/or large overrun charges.

NATURE OF PROPOSAL: Overrun charges at NTS entry points, to include all storage entry points, and NTS exit points will be retrospectively adjusted to reflect a multiplier of 0.2 (This will have the effect of dividing existing charges by 10 or, in the case of storage entry points, by 100). In addition there will be a cap of £50,000 on the adjusted charges, so that no shipper will have to pay in excess of this sum in respect of any single overrun occurrence.

PROPOSED TEXT:

Transition Document Part II paragraph 8

Insert the following under Section B:

- "B2.6.3
- (1) For the purposes of Section B2.6.3, in respect of any overrun month from March to September 1996:
 - (a) the relevant multiplier in respect of all Aggregate System Entry Points shall be 0.2;
 - (b) the maximum amount of any System Entry Overrun Charge shall be £50,000.
 - (2) Where, before the date of the Code Modification by virtue of which paragraph (1) applies, TransCo has prepared or submitted an Invoice Document to a User in respect of a System Entry Overrun Charge incurred not later than 30th September, 1996, the amount of such charge will be redetermined in accordance with paragraph (1) and appropriate invoicing adjustments made in accordance with Section S"

Under Section B, delete what is provided in respect of Section B3.6.3 and replace with the following:

- "B3.6.3
- (1) For overrun days in the months of March to September 1996.
 - (a) the figure 0.2 shall be submitted for the figure 2 in Section B3.6.3;
 - (b) the maximum amount of any NTS Exit Overrun Charge shall be £50,000.
 - (2) Where, before the date of the Code Modification by virtue of which paragraph (1) applies, TransCo has prepared or submitted an Invoice Document to a User in respect of a NTS Exit Overrun Charge incurred not later than 30th September, 1996, the amount of such charge will be redetermined in accordance with paragraph (1) and appropriate invoicing adjustments made in accordance with Section S".

IDENTITY OF PROPOSER'S REPRESENTATIVE: A. G. Raper

PROPOSER : M. W. Piggin

SIGNATURE :

POSITION : Capacity Development Manager

COMPANY : TransCo

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0094

Date Received