

Final Modification Report
Modification Reference Number 0098 / 0098a
Changes to the NTS Capacity Booking Rules

This Modification Report is made pursuant to Rule 8.12 (**Standard**) of the Modification Rules and follows the format required under Rule 8.12.4.

Foreword

Please note that the implementation of Phase II has been delayed until 1st October 1997 due to additional preliminary design work required to deal with the interaction of trading and the new delayed withdrawal facility. Changes to the text of B2.2.5 and B3.2.5 have been incorporated into the text detailed in Section 21 of this report.

1 Procedure and Timetable

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|--------------------|---|--|
| 18th November 1996 | - | Modification Proposal submitted to Modification Panel.
(This proposal was submitted to the Panel in response to proposal 0098 (Associated Gas Supplies Ltd.)) |
| 12th December | - | Draft Terms of Reference submitted to Modification Panel. |
| 22nd January 1997 | - | Meeting of Workgroup |
| 28th January | - | Final Terms of Reference Issued. |
| 20th February | - | Modification Panel vote to issue Draft Modification Report direct to shippers. |
| 21st February | - | Terms of Reference written representations close out. |
| 26th February | - | Issue Draft Modification Report. |
| 12th March | - | Representations close out. |
| 16th April | - | Final Modification Report to Ofgas. |
| 1st May | - | Phase I Implementation |
| 1st October | - | Phase II Implementation. |

2 The Modification Proposal

a) Eligible Capacity Registration Dates

It is proposed that every day, except 29th February, becomes an Eligible Capacity Registration Date.

b) Gas Days as opposed to Business Days

It is proposed that the capacity registration time-table is based on Gas Days rather than Business Days.

c) Modify Change of booking timetable

Application Lead Time & Approval Period

It is proposed that the capacity registration lead-time is reduced to 4 clear Days and that Transco will approve (or reject) within 3 Days of application.

Withdrawal

It is proposed that an application may be withdrawn up to 17.00 on day prior to registration.

d) Short Notice Exit Booking Service

It is proposed that this service operates at firm NTS Supply Points during a notional commissioning period of 3 months from the date of the first flow of gas. Applications will be accepted up to 17.00 on the day before the capacity is required during this period. Applications will be made by fax and contain the information specified in Section B of the Network Code. The User will not have the facility withdraw an application made under this service.

Transitional Business Rules - first flow of gas prior to 1st October 1997

Registrations made under this service will have a common end date 3 months after the registration date of the first booking.

Final Business Rules - first flow of gas after 1st October 1997

Registrations made under this service will cause all previous registrations to be end dated 12 months from the date of the last registration, i.e. they will contribute to the flying wedge.

3 Transco's opinion

Transco supports the phased implementation of this proposal.

4 Extent to which the modification would better facilitate the relevant objectives

This modification better supports Transco in the discharge of its license obligations by ensuring that shippers can optimise their NTS capacity registrations and hence their transportation charges.

5 The implications for Transco of implementing the Modification Proposal, including

a) implications for the operation of the System and any BG Storage Facility

Transco is not aware of any such implications.

b) development and capital cost and operating cost implications

Development costs, as a result of changes to the UK_Link system, will be incurred during the implementation of this proposal. There will be no additional operating cost implications as a result of implementation.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs

Transco does not intend to recover any costs other than those provided for in the Transportation Statement.

d) analysis of the consequences (if any) this proposal would have on price regulation

Transco is not aware of any consequences.

6 The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Transco's level of contractual risk remains unchanged as a result of this modification.

7 The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers

Transco has not been made aware of any User system implications.

8 The implications of implementing the modification for Relevant Shippers

Users will be able to make capacity booking with reduced lead-times.

Users will be able to book capacity to commence on any day; this will allow Users to better align their Capacity Registrations with their Supply Point acquisitions.

9 The implications of implementing the modification for terminal operators, suppliers, producers and, any Non-Network Code Party

Transco is not aware of any such implications.

10 Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party (if any), of the implementation of the Modification Proposal

Transco has not been informed of any such consequences.

11 Analysis of any advantages or disadvantages of the implementation of the Modification Proposal

Currently, the minimum lead-time between application & registration varies depending on the number of non-business days in the intervening period. Under this proposal, the minimum lead-time is reduced to four (Gas) Days. This will allow Users to react to changes in the capacity requirements of their supply point portfolio at shorter notice and reduce the risk of incurring overruns.

Currently, Users can be prevented from registering capacity for a period of up to one week. These rules will ensure that capacity registrations are only delayed for one day.

This modification will also allow a User to incrementally increase its capacity registrations at NTS supply points during the commissioning period.

12 Summary of the representations, to the extent that the import of those representations are not reflected elsewhere in the modification report

Written representation have been received from **British Gas Trading Ltd.** and **United Gas Services Ltd.**

Both representations broadly support the proposal

Transco's views on the points raised in the representation from **British Gas Trading Ltd.** are as follows:

a) Booking Time-table

The time-table was proposed on the following basis: the four day application period sits comfortably within the SPA process for supply point acquisition and the two full days for capacity approval is commensurate with the credit vetting process under-pinned by it.

b) Trading Issues

These have been address by modifying paragraphs B2.2.5 and B3.2.5. If a shipper indicates to Transco that is wishes to trade an approved tranche of capacity in advance of registration, in effect, its ability to withdraw from that tranche will be cancelled.

c) Short Notice Service

The original proposal submitted by **Associated Gas Supplies Ltd.** (Mod 0098) stated that a short notice service should be made available for VLDMC supply points and the modification proposal was drafted accordingly. It was suggested that this service would enable shippers to book capacity to meet the unpredictable demands of power station type loads during the commissioning phase and it was agreed that it would only generally be required for NTS loads. However, there is no overriding reason why the short notice service could not be extended to provide a commissioning period for all firm DMC supply points.

d) Drafting Concerns

- i) Agreed
- ii) New drafting proposed
- iii) New drafting proposed
- iv) No other drafting changes proposed

13 The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

This modification is not required to facilitate compliance with Safety or other legislation.

14 Having regard to any proposed change in the methodology established under Standard Condition 3(5) or the statement; furnished by Transco under Standard Condition 3(1) of the Licence

This modification is not required to comply with this clause.

15 Programme of works required as a consequence of the implementation of the Modification Proposal

Other than the transitional solution to the short notice service, implementation of this modification can only be supported with changes to the UK-Link system.

16 Proposed implementation timetable

It is proposed that implementation is phased in accordance with schedule below:

Phase I 1st May 1997.

Manual Workaround:

Short notice booking Service - Transitional business rules

Existing AT_Link functionality changed to provided part implementation:

Move to 365 Eligible Capacity Registration Dates

Phase II 1st October 1997.

New AT_Link functionality introduced to fully support the modification:

Move from Business Days to Gas Days

Revision of capacity booking timetable

Short notice booking service - Final business rules

17 Recommendation for the implementation of the modification

Transco recommends that this modification is implemented in accordance with the above time-table.

18 Restrictive Trade Practices Act

If implemented, this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

19 Transco Proposal

This modification report contains Transco's proposal to modify the Network Code and Transco now seeks a direction from the Director General in accordance with this report.

20 Text provided pursuant to Rule 8.14 (Standard)

Phase I

PRINCIPAL DOCUMENT - SECTION B

Paragraph 1.6 delete all text after "means" in line 2 and insert "any Day other than 29th February in any Gas Year".

Paragraph 3.1.4 insert at beginning "With effect from the expiry of the period referred to in paragraph 3.2.12"

New Paragraph 3.2.12

"Until the expiry of a period of 3 months from the Day on which gas was first offtaken (by any User) from the System at an NTS Supply Meter Point, the Registered User may submit, by facsimile but otherwise in accordance with paragraph 3.2.2(a), an application for NTS Exit Capacity at a Firm NTS Supply Point Component which includes such Supply Meter Point by no later than 17:00 hours on the Day preceding the proposed date of registration; provided that the User may not withdraw (pursuant to paragraph 3.2.5) such an application".

Annex B1 delete

TRANSITION DOCUMENT - PART II

Paragraph 8,

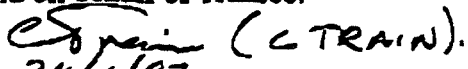
Add the following under Section B:

B3.2.9 For an application for NTS Exit Capacity made by a User pursuant to paragraph 3.2.12 where the date of registration is prior to 1st October 1997, the capacity period shall be the period from the date of registration until the date falling three months after the date of registration pursuant to such application (or if more than one) the first such application".

Phase II**PRINCIPAL DOCUMENT - SECTION B**

- Paragraph 2.2.2(b) delete reference to "7 Business Days" in line 1 and insert "4 Days".
- Paragraph 2.2.5 replace existing text with "A User may withdraw an application for System Entry Capacity by so notifying Transco by no later than 17:00 hours on the Day preceding the proposed date of registration (provided that where the User proposes a System Capacity Transfer for which the Transferred System Capacity comprises all or part of the System Entry Capacity in any application the User shall not be permitted to withdraw such application after notifying Transco of such proposed System Capacity Transfer)".
- Paragraph 2.2.6 delete reference to "5 Business Days" in line 2 and insert "3 Days".
- Paragraph 3.2.2(b) insert after "later" in line 1 "(other than in accordance with paragraph 3.2.12)" and delete reference to "7 Business Days" in line 1 and insert "4 Days".
- Paragraph 3.2.5 replace existing text with "A User may withdraw an application for NTS Exit Capacity by so notifying Transco by no later than 17:00 hours on the Day preceding the proposed date of registration (provided that where the User proposes a System Capacity Transfer for which the Transferred System Capacity comprises all or part of the NTS Exit Capacity in any application the User shall not be permitted to withdraw such application after notifying Transco of such proposed System Capacity Transfer)."
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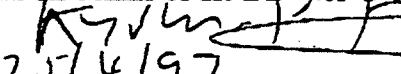
Signed for and on behalf of Transco.

AP Signature:  (L. TRAIN).
Date: 24/4/97.
Name: John F Lockett
Position: Manager, Network Code

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal be made as a modification to the network code.

Signed for and on behalf of the Director General of Gas Supply.

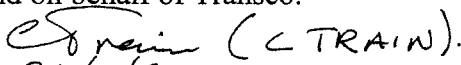
Signature: 
Date: 25/4/97.
Name: Kyran Hanks
Position: Head of Network Operations

Phase II

PRINCIPAL DOCUMENT - SECTION B

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Signed for and on behalf of Transco.

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Date: 24/4/97.
Name: John F Lockett
Position: Manager, Network Code

Director General of Gas Supply Response

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal be made as a modification to the network code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:
Date:
Name: Kyran Hanks
Position: Head of Network Operations

The network code is hereby modified and will be effective in accordance with the above proposal as follows:

Phase I will be effective from 1st May, 1997

Phase II will be effective from 1st October, 1997.

Signature:

Secretary Modification Panel, Transco

ANNEX

Restrictive Trade Practices Act - Suspense Clause

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

1. Suspense Clause

1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
- (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.

APPENDIX 1

Representations from:

British Gas Trading Ltd.

United Gas Services Ltd.

Phase II

PRINCIPAL DOCUMENT - SECTION B

Paragraph 2.2.2(b) delete reference to "7 Business Days" in line 1 and insert "4 Days".

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Signed for and on behalf of Transco.

Signature: *John F Lockett* (C TRAIN).
Date: 24/4/97.
Name: John F Lockett
Position: Manager, Network Code

Director General of Gas Supply Response

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Signature: *Kyran Hanks*
Date: 25/4/97.
Name: Kyran Hanks
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