



**Urgent Modification 104 (Decision)**  
**Bridging NTS Exit Capacity to support Supply Point Transfers**

This modification has been approved by Ofgas.

**Previous Position**

DM exit capacity could be purchased through Transco, only in 12 month tranches. Alternatively, short term capacity could be traded from other shippers. However, as there are currently limited numbers of Daily Metered (DM) supply points, this capacity is limited and the secondary market is illiquid. The consequence of this is that if there was a delay in the transfer of a supply point to another shipper, at the end of the existing contract the incumbent shipper would incur capacity overrun charges unless an additional 12 months capacity was purchased from Transco. In either case significant additional costs may have been borne by the incumbent shipper through no fault of their own.

Some supply points have a counter seasonal peak, i.e. a peak in the summer months rather than the norm of a peak in the winter months. As the secondary market is currently illiquid, the peak capacity would have to be bought from Transco in 12 month tranches. Capacity charges should rightly be based on the costs to the system. Where the supply points have a peak in the winter, the supply points require system capacity at a time where demand is high. The capacity booking and charging regime reflects this. However, with counter seasonal loads the peak is in the summer months when demand is low. These supply points however, do not have the full benefits of cheaper capacity which was expected through a liquid secondary market.

**New Position**

Between 1st March and 30th April 1997 and between 1st November 1997 and 30th April 1998, 1 month tranches of NTS exit capacity can be booked to overcome problems with transfers of supply points or to address problems of supply contracts and capacity booking periods not matching perfectly. Additionally, between 1st May and 31st October 1997 and between 1st May and 31st October 1998 short term capacity will be available at request. This will also overcome the problems identified earlier in this paragraph, further this will provide cheaper capacity costs for counter seasonal loads and provide a general source of short term exit capacity in the months of May to October.

The modification is time limited as it is hoped that as more supply points become DM through a reduction in the current thresholds, a liquid secondary DM exit capacity market will develop. There will be a review of the capacity booking regime.

**Possible impact on customers**

Customers experiencing delays in transferring to a new shipper will have a reduced exposure to additional costs if the existing shipper/supplier were able to pass on those costs. However, customers will still need to ensure that when their supply contract is coming to an end that they either renew their existing contract or seek to have a new

contract in place in sufficient time to allow any necessary transfer of the supply point to the new supplier/shipper.

**Contacts**

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