

98/01/08/13



08 January 1998

All Shippers

Direct Dial: 0171-932-

Our Ref. : HC/Net/Cod/Mod 0123

Your Ref. :

Dear Sir/Madam

RE: Modification 0123 Registration of Multiple Users at Large Supply Points and CSEPs - Decision.

Ofgas has decided to reject modification 0123: Registration of Multiple Users at large Supply Points and CSEPs, due to the acceptance and implementation of modification 0147: Mandatory Sharing Arrangements.

Yours sincerely

A handwritten signature in black ink, appearing to be "SKD", followed by a long horizontal line.

Shaun Day
Economic Adviser
Transportation Pricing

98/02/09/03



Modification proposal 123: Registration of Multiple users at Large Supply Points and CSEP's

Modification proposal 147: Mandatory allocation arrangements

Decision

8 January, 1998

Present Position

Prior to these modification proposals the Network Code did not allow for more than one shipper at a single meter point unless multiple users were already registered at that meter point before the Network Code was implemented. If multiple shippers wished to supply gas to a meter point, they needed to agree one shipper as a "lead shipper" who would then allocate gas flows between the other shippers.

Modification 139 introduced rules and procedures for the creation of Shared Supply Meter Points (SSMP) in circumstances where the incumbent shipper consented to such an arrangement. These were further refined recently by Modification 200. Situations where the incumbent shipper refused to consent to sharing a supply point were not addressed.

Modification Proposal 123

Modification proposal 123 seeks to extend the allocation arrangements operated by Transco and apply them to all meter points where annual throughput exceeds 2,000,000 therms, without need for agreement from the incumbent shipper.

Modification Proposal 147

Modification 147 seeks to provide consumers with the right to source gas from alternative shippers in some circumstances irrespective of whether the incumbent shipper consents. It defines a process for the instigation of Mandatory Sharing Arrangements as well as a set of basic allocation principles (fuller details were provided in the Ofgas note of the original proposal dated 5th December 1997).

Modification 147 Decision

Following receipt of Transco's modification report, Modification 147 was accepted by Ofgas and implemented on 1st January 1998.

Modification 123 Decision

Ofgas has rejected Modification 123 in view of modification 147 being accepted. Modification 147 already provides consumers with rights to source gas from alternative sources irrespective of whether the incumbent shipper agrees.

Possible impact on customers

The impact on customers will thus derive from modification 147. This modification will allow customers greater access to the competitive market through the increased accessibility of alternative supplies of gas. This will be particularly helpful for customers on commercial (shipper) interruption contracts.

Further Information

Mark Ripley, Transco fax: 0121 711 1451
Ofgas Contact: Shaun Day tel: 0171 932 1689