

MODIFICATION PROPOSAL 0205A

Short Title: Use Of Rough Interruptible Deliverability Above
'V' = 85%

Date: 22nd December 1997

Proposed: Implementation: Immediately

Status: Urgent

JUSTIFICATION

BG Storage makes this proposal as an alternative to Modification Proposal 205. That proposal argued that the remaining unbooked Rough capacity should be auctioned in order to make Rough deliverability available for use on days when use of Interruptible Deliverability has been interrupted due to forecast System demand exceeding 85% of the 1-in-20 peak day. This would risk making Rough deliverability available at prices below the standard price being paid by prudent shippers who booked firm services in good faith.

BG Storage opposes Modification Proposal 205 and would prefer to make no change. However, if it is considered essential to make all Rough deliverability available on high demand days, BG Storage considers it would be fairer to allow use of interruptible Rough deliverability, but subject to a commodity surcharge. These surcharges are designed to balance the interests of holders of firm and interruptible deliverability, but without undermining the incentives to book firm deliverability.

If it is considered that deliverability needs to be made available for the current winter, then this proposal is Urgent.

Pages 30/31 of BG Storage's booklet "1997/8 Storage Services" contain further justification.

CONSEQUENCE OF NOT MAKING THIS CHANGE

The storage capacity regime should not be changed during the Storage Year, as this would mean the prospectus put forward in the Annual Storage Invitation would not be honoured.

BG Storage believes this change should not be made, but the consequences of this proposal would be far less deleterious than proposal 205. In particular, that proposal could result in those shippers who have made prudent provision paying more for firm deliverability, whereas the intention of this proposal is that they should not regret their bookings.

AREA OF NETWORK CODE CONCERNED

Section R.

NATURE OF PROPOSAL

At present the use of interruptible Rough deliverability is interrupted when the day-ahead forecast shows $V > 85\%$. It is

proposed that the when $V > 85\%$ Rough interruptible deliverability could still be used (provided the capacity is not required for the firm service and subject to physical availability) but a commodity surcharge based on the daily Rough firm deliverability charge rate would be payable as follows:

'V' Factor	Multiplier	Current Year Charge, p/therm
>85%	60	101
>90%	120	202
>95%	240	404

Pages 30/31 of BG Storage's booklet "1997/8 Storage Services" contain a full description of the proposal, except that surcharges for $V < 85\%$ do not apply.

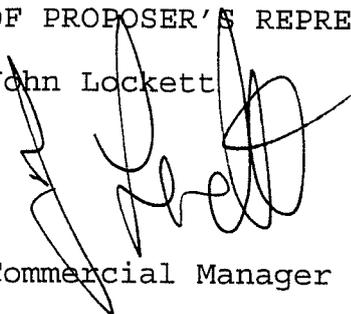
PURPOSE OF PROPOSAL

This proposal makes all Rough deliverability available, while avoiding disadvantaging holders of firm deliverability to the same extent as proposal 205.

IDENTITY OF PROPOSER'S REPRESENTATIVE

PROPOSER John Lockett

SIGNATURE



POSITION Commercial Manager - Network Code

COMPANY Transco