

MODIFICATION PROPOSAL No: 0207

Short Title: Auction Unnecessary Top-up Gas
Date: 9 January 1998
Proposed Implementation: Immediately
Status: Urgent

JUSTIFICATION:

Unnecessary Rough Top-Up gas (i.e. above the monitor level) should be sold off immediately to take advantage of winter prices. This could result in a net saving the community of up to 1.1 million pounds, assuming 20 million therms were sold off in February at a price of 13.5 p/therm rather than 8 p/therm during the summer. A similar exercise late in 1997 reduced Top-up costs by 2.4 million pounds.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

Unnecessarily high Top-up costs for the shipping community.

AREA OF NETWORK CODE CONCERNED:

Section P

NATURE OF PROPOSAL:

Because this relates to substantial cost savings for the community, we believe that this modification should be treated as urgent. The Top-up manager is required to auction the remaining Top-up gas at Rough, either in storage, with similar deliverability rights or for delivery at the NBP in February (or March if an auction cannot be arranged in time) and rights to the remaining space and deliverability associated with that gas.

PURPOSE OF PROPOSAL:

To reduce smeared costs for the shipping community.

IDENTITY OF PROPOSER'S REPRESENTATIVE:

PROPOSER: Gary Cardone

SIGNATURE:

POSITION: Director and General Manager Natural Gas

COMPANY: Natural Gas Clearinghouse

MODIFICATION PANEL SECRETARY 'S USE ONLY

Reference Number:0207

Date Received: 9th January, 1998