

MODIFICATION PROPOSAL

Short Title: Rough Services 1998/9 (Fixed Price)
Date: 4th February 1998
Proposed Implementation: Immediately
Status Urgent

JUSTIFICATION

BG Storage is making this proposal for the pricing of 1998/9 Storage Services. Ofgas have agreed a timetable which requires these proposals to be treated as Urgent.

CONSEQUENCE OF NOT MAKING THIS CHANGE

Rough deliverability would not be made available to the market.

AREA OF NETWORK CODE CONCERNED

Section R.

NATURE OF PROPOSAL

This is a joint proposal to modify the Network Code and the Storage Pricing Methodology:

For 1998/9 the price of Rough space is increased by 25% from 0.135 p/kWh (3.96 p/therm) to 0.169 p/kWh (4.95 p/therm). The price of Rough deliverability is reduced by 50% from 21.002 p/pdkWh (615.5 p/pdTherm) to 10.5 p/pdkWh (308 p/pdTherm).

All other storage prices are unchanged from 1997/8.

In addition BG Storage would like to give an undertaking about Special Storage Services offered under R3.9 of the Network Code. In the event that all the Rough firm deliverability has not been sold, then BG Storage will not offer special deliverability between December 1998 and March 1999 inclusive, at a price below the annual price of Rough deliverability. This applies only to special deliverability with a priority higher than space only deliverability. BG Storage may still offer interruptible deliverability that would have lower priority than space only withdrawals when interruption is required.

There is no Network Code legal drafting associated with this proposal.

PURPOSE OF PROPOSAL

The increase in the price of Rough space represents a rebalancing between space and deliverability, taking account of perceived customer demand, and the improved interruptible deliverability rights now attaching to space under the firm service. The reduction in the price of Rough firm deliverability similarly is a response to customer demand, with the aim of improving sales.

IDENTITY OF PROPOSER'S REPRESENTATIVE

Ian Hopkins, BG Storage Chris Bradley, Transco

PROPOSER PP Martin Kinoulty
SIGNATURE PP Patrick G. Hoare
POSITION Director, Development, BG Storage
COMPANY

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 221

Date Received: 2nd March 1998