

98/03/30/06



30 March 1998

Direct Dial: 0171-932-5905¹⁶⁵⁵
Our Ref : MOD/223

Dr John Lockett
Manager, Network Code
Transco
31 Homer Road
Solihull
West Midlands B91 3LT

Dear John

Modification Proposal 223 - " Extension to Interim Allocation Arrangements at Moffat"

We have signed this modification. Given that the proposal is merely to extend the existing arrangements at Moffat, arrangements which are in themselves transitional, we feel able to sign the extension. This does not mean that Ofgas endorses the existing Moffat allocation methodology as being acceptable for the longer term. Indeed, we are aware of concerns over that methodology. This is particularly so for the 16/17 December 1997, where we have been asked to investigate whether the methodology was properly applied as well as appropriate.

I would be grateful if you would circulate a copy of this letter along with your final report.

Yours sincerely

Kyran Hanks
Director, Transportation Regulation

98/03/30/07

**Urgent Modification 223
DECISION**

Extension to Interim Allocation Arrangements at Moffat

30th March 1998**Present Position**

The Moffat interconnector is served by more than one shipper. It is therefore necessary to have a procedure to attribute gas flows to shippers in situations where actual gas flow does not match nominated gas flows. That is, there needs to be an allocation methodology in these circumstances.

Modification 184 built on the interim mechanisms for allocation of gas to both firm and interruptible capacity holders at the Moffat CSEP which was originally brought about by Modifications 134 and amended by modification 175. These interim arrangements will be replaced by the long term arrangements being developed within review group 117R.

Under Modification 184, allocations are made pro rata to all nominations, irrespective of whether they are made by firm or interruptible shippers, provided that no transportation constraints exist, that is Transco has not issued an 'interruption' (curtailment) notice for the day in question and aggregate nominations do not exceed booked firm capacity. If a transportation constraint exists, the nominations of firm shippers are allocated in full, to the extent that they also hold firm capacity. Gas offtake not allocated to firm shippers in this manner would then be allocated pro rata to remaining nominations, that is pro rata to that element of firm nominations that exceed booked capacity plus the nominations of interruptible shippers. If as a result of a constraint on the Transco system, the total gas offtaken is less than the total nominations of firm shippers then firm shippers are allocated gas pro rata to their nominations, and interruptible shippers are not allocated gas.

Proposal

It had been envisaged that the long term arrangements being developed in the review group would be in place for 1st April 1998. In view of this, Modification 184 was to expire on 31st March 1998 or before if permanent rules were agreed. The long term arrangements will not be in place by 1st April 1998 and thus Modification 223 will extend the interim mechanism agreed under Modification 184 until 31st July 1998. It has been suggested that this date would provide a target date for 117R and will enable long term arrangements and all necessary administrative tasks to be completed in time for 1st October 1998.

Decision

Following a report from Transco, Ofgas has accepted this modification proposal.

Possible Impact on Customers

There will be no direct impact on customers within Great Britain from this modification. However, we are aware of concerns over the methodology and we have been asked to investigate whether the methodology was properly applied or appropriate following the 16/17 December 1997.

Further Information

Transco contact: David Salisbury Tel: 0121 623 2690
Fax: 0121 711 1451

Ofgas contact: Jessica Davies Tel: 0171 932 5905
Fax: 0171 932 1600