

**Modification Proposal 0252****Proposal to Cap Net Ad Hoc Debit Invoicing by Transco****03 September 1998****Present Position**

Transco issues invoices to shippers for its balancing and transportation charges at the end of each month. This general suite of invoices comprises of NTS Capacity Invoices, LDZ Capacity Invoices, Balancing Invoices, Reconciliation Invoices and Storage Invoices. Transco also sometimes issues ad hoc invoices that are raised for amounts that are not included in the general suite of invoices. Under Transco's Network Code an ad hoc invoice can be sent to a shipper at any time and for any amount. Like the general suite of invoices, ad hoc invoices must be paid within 12 days.

Proposal

Shippers say that they are exposed to potential cash flow and administrative problems due to the unpredictable nature of ad hoc invoices. The modification proposes to cap the financial cost of ad hoc invoices at 7.5% of the value of a shipper's general suite of invoices. However, some types of ad hoc invoices would not be included in the cap, for example, Compression Invoices, Allocation Agreements and Unique Sites (definitions of which are provided in Transco's Network Code). The modification also proposes that the payment date for ad hoc invoices should be extended to 28 days, in order that shippers will have sufficient time to validate the invoices. Finally, the modification proposes that a shipper should receive notification from Transco, at the start of each month, as to the areas that it intends to raise ad hoc invoices. This will enable shippers to avoid the potential cashflow and administrative problems that can result from their not being prepared for ad hoc invoices.

Possible Impact on Customers

This modification would result in shippers using less resources in the administration of ad hoc invoices and these savings may later be reflected in lower charges to customers.

Further Information

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