

**Final Modification Report**  
**Modification Reference Number 257**

This draft Modification Report is made pursuant to Rule 7.4 (a) of the Modification Rules and follows the format required under Rule 8.12.4.

**1. The Modification Proposal:**

This modification is intended to enable Transco to carry out an additional demand attribution run based on the results of the 13:00 within day short term demand forecast.

**2. Transco's opinion:**

Transco believes that the addition of this demand attribution run will enable shippers to better balance their portfolios within day and reduce the cost of balancing by the elimination of 'dual response'

**3. Extent to which the proposed modification would better facilitate the relevant objectives:**

This modification better facilitates relevant objective 7(a), the efficient and economic operation of the pipeline system, by enabling shippers to better balance their portfolios within day, thus allowing Transco to take balancing actions after shippers have taken all measures available to them to balance their own portfolios.

**4. The implications for Transco of implementing the Modification Proposal, including:**

**a) implications for the operation of the System and any BG Storage Facility:**

None

**b) development and capital cost and operating cost implications:**

None

**c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:**

Not relevant

**d) analysis of the consequences (if any) this proposal would have on price regulation:**

None

5. **The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal:**

None.

6. **The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers:**

None.

7. **The implications of implementing the Modification Proposal for Relevant Shippers:**

Shippers will be provided with an additional deemed demand during the gas day, thus they will have an additional opportunity to renominate their input to balance portfolios.

8. **The implications of implementing the Modification Proposal for terminal operators, suppliers, producers and, any Non-Network Code Party:**

None.

9. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party of implementing the Modification Proposal:**

None.

10. **Analysis of any advantages or disadvantages of implementation of the Modification Proposal:**

Advantages:

Transco currently carries out a forecast of gas demand at 13:00 D, but does not carry out a demand attribution run using that forecast data. The consequence of this is that Transco may take an action to balance the system based on its understanding of supply and demand at that point. The subsequent demand attribution run at around 16:00 D may then cause shippers to rebalance their portfolios, which could potentially have made the preceding balancing action unnecessary, and can sometimes cause it to be reversed.

This modification will remove the 'dual response' effect as all parties will have an opportunity to rebalance when demand changes are known.

Disadvantages:

The extra demand attribution run will provide additional triggers for shippers to rebalance their portfolios, and may thus require additional actions by shippers during the gas flow day.

**11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**

Representations were received from Yorkshire Energy Ltd, BP Gas, British Gas Trading, Amoco North Sea Ltd, Energy Intensive Users Group, United Gas Services Ltd, Scottish Hydro-Electric plc and Shell Gas Direct Ltd.

All representations supported this modification.

**12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**

Not relevant

**13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) of the statement; furnished by Transco under Standard Condition 3(1) of the Licence:**

Not applicable

**14. Programme of works required as a consequence of implementing the Modification Proposal:**

None.

**15. Proposed implementation timetable (inc timetable for any necessary information systems changes):**

Implementation 1st October 1998

**16. Recommendation concerning the implementation of the Modification Proposal:**

Transco recommends the implementation of this modification.

**17. Restrictive Trade Practices Act:**

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

Transco's Proposal:

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Director General in accordance with this report.

Text provided pursuant to Rule 8.14:Principal document section HAmend paragraph 5.1.2 as follows:

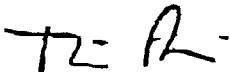
"The times at which Transco will obtain weather data under paragraph 5.1.1 include the following approximate times: 11:30 hours, 15:15 hours and 23:30 hours on the Preceding Day and 07:30 hours, 11:30 hours and 15:15 hours on the Gas Flow Day."

Amend paragraph 5.2.3 as follows:

"Transco will notify demand under paragraph 5.2.1 after receipt of weather data under paragraph 5.1.1 not later than the following times: 14:00 hours, 19:00 hours and 02:00 hours on the Preceding Day and 12:00 hours, 15:00 hours and 18:00 hours on the Gas Flow Day."

Signed for and on behalf of Transco.

Signature:



Tim Davis

Manager, Network Code

Date:

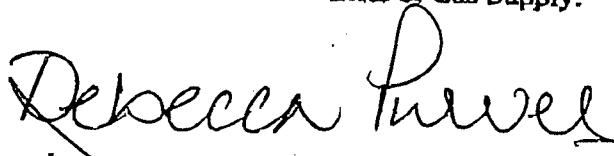
16-9-98

Director General of Gas Supply Response:

In accordance with Condition 7 (10) (b) of the Standard Conditions of Public Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference 257, version 1.0 dated 14/9/98) be made as a modification to the Network Code.

Signed for and on behalf of the Director General of Gas Supply.

Signature:




Rebecca Purves

Head of Gas Balancing

Date:

20 September 1998

The Network Code is hereby modified, with effect from 1 October 1998, in accordance with the proposal as set out in this Modification Report, Version 1.0.

Signature: 

**Process Manager - Network Code**  
**BG Transco**

Date: 21/9/98.

## ANNEX

### **Restrictive Trade Practices Act - Suspense Clause**

For the purposes of the Restrictive Trade Practices Act 1976, this document forms part of the Agreement relating to the Network Code which has been exempted from the Act pursuant to the provisions of the Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996. Additional information inserted into the document since the previous version constitutes a variation of the Agreement and as such, this document must contain the following suspense clause.

#### **1. Suspense Clause:**

1.1 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect:

- (i) if a copy of the Agreement is not provided to the Director General of Gas Supply (the "Director") within 28 days of the date on which the Agreement is made; or
- (ii) if, within 28 days of the provision of the copy, the Director gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraph 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996.

provided that if the Director does not so approve the Agreement then Clause 1.2 shall apply.

1.2 Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Act 1976 shall not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of Fair Trading under Section 24 of the Act (or on such later date as may be provided for in relation to any such provision) and the parties hereto agree to furnish such particulars within three months of the date of this Agreement.