

Draft 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 portfolio's 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 portfolio's 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 preceeding 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):**

Transco Response:

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. **Text provided pursuant to Rule 7.3:**

Principle document section H

Amend 5.1.2

"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 22:30 hours on the Preceding Day and 07:30 hours, 11:30 hours and 15:15 hours on the Gas Flow Day."

Amend 5.2.3

"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.

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report.

Signed for and on behalf of Transco.

Signature:

John Lockett
Manager, Network Code

Date:

21. 8. 98