

## **CLOSE OUT OF RECONCILED GAS**

### **Proposed Terms of Reference for Review group 263R**

Close Out is a mechanism by which Users and Transco have an opportunity to settle Users reconciled gas positions by resolving all remaining IQR, Non IQR, Reconciliation and any other issues for the period gas day 1 March 1996 - gas day 31 January 1998 inclusive.

In recognition of the potential benefits for the industry, Close Out has been developed during 1998 and is now sufficiently advanced to commence the review process to facilitate and put into effect anticipated Full and Final agreements.

The aim is therefore to have a suitable modification available by [15 December 1998], which satisfies the industry's requirements.

### **Suggested Review group composition**

The suggested Review group is made up of those Users and Transco representatives who wish to be involved in the process. Given the challenging timescales this will retain continuity and ensure that accumulated experience is utilised most efficiently to the advantage of all.

Richard Grey	Transco	Sarah Copp	Alliance Gas
Peter Thompson	Transco	Sara Loynton	BP Gas
Kevin Davies	Transco	Gavin Ferguson	BGT
Alison Jennings	Transco	Grant Barr	Scottish Power
Mike Ashworth	Transco	Alison Kuck	Eastern
Paul Rogers	Transco	Philip Russell	Eastern
Martin Baker	Transco	Julie Lees	Powergen/Kinetica
Andy Hine	Transco	Fred Attwater	Scottish Power
Ian Rix	Transco	Kiran Madisetti	Shell Gas Direct
Paul Mckie	Transco	Chris Harlow	Total
Michelle Wilson	Transco	Avril Forster	Enron Direct
Paul Sullivan	Transco	Harry Stahel	United
		Suzie Lorimer	United
Sean Aldridge	Ofgas	Sean Proctor	YE Gas

### **Proposed Timetable**

It is envisaged that if the Review group are satisfied with progress, an urgent modification will be raised by [1 November 1998] to enable Full and Final agreement to be reached in December 1998.

### **Review group Terms of Reference**

The Review group will consider the appropriateness of close out and will seek to specify the terms of a special reconciliation to resolve outstanding IQR, Non IQR, reconciliation and other issues. This would result in an agreed apportionment of gas amongst the community for the period gas day 1 March 1996 - gas day 31 January 1998.

If settlement is appropriate the Review group will specify the terms of a special reconciliation for the period, gas day 1 March 1996 - gas day 31 January 1998, to be incorporated within a Network Code Modification for approval by Ofgas. In developing the modification, the Review group will take account of the three Close Out principles:

Full and Final settlement of the Close Out period

Non discrimination between parties

Maintenance of Neutrality

Areas the Review group will need to cover are:

#### **1. Special Reconciliation**

Define nature of the special reconciliation

Determination of aggregate energy quantities and use of reconciliation period profiling, including variance periods where applicable.

#### **2. Reconciled Gas**

Agree the most equitable application of SAP to reconciliation quantities.

Agree a suitable method of Neutrality apportionment

Agree the terms of Close Out settlement

#### **3. Transportation**

In addition to the issues affecting the modification directly, the Review group will consider aspects of the transportation agreements, to ensure consistency and non discrimination between Users.

#### **4. Methodologies**

To agree the methodologies to achieve Close Out principles.