



Urgent Modification proposals 267 and 270
Bacton Interconnector Entry Point and the CSEP
Decision

02 October 1998

Present Position

Prior to modification 232: Removal of Input UGF at Sub-Terminals, a shipper allocated gas at an entry point, when that shipper has made no nomination was not entitled to that gas. Under modification 232, Transco was charged with creating zero nominations for all shippers at all sub-terminals. A shipper would then be able to receive gas allocated to it but would face scheduling and/or overrun or imbalance charges.

At the Bacton terminal, the UK - Continent Interconnector has recently become a new sub-terminal. In addition, Claims Validation Services Ltd (CVSL) introduced terminal level trading on 1 October 1998, allowing shippers to buy gas at a terminal level without having to specify the sub-terminal to which it was delivered. The network code requires gas to be allocated at sub-terminal level and CVSL will do this pro-rata across sub-terminals.

Following modification 260: Urgent Modifications to Facilitate CSEP Ancillary Agreements and Ship Allocation Agent, a shipper wishing to receive gas from the Interconnector must be a signatory to the Connected System Exit Point (CSEP) Ancillary Agreement, approved recently by Ofgas following a long consultation process. The ancillary agreement ensured that recipients of gas at the Interconnector were also signatories to the Bacton Agency Agreement and it also ensures that shippers acknowledged that they could receive 'deemed gas flows'. That is, gas that flows contractually but not physically. If they are not signatories to the CSEP ancillary agreement, shippers are not entitled to receive gas.

Following the introduction of terminal level trading, shippers at Bacton may therefore receive gas allocated to the Interconnector sub-terminal even though they are not CSEP Ancillary Agreement signatories. In such circumstances the shipper would not be entitled to receive that gas.

Decision

Ofgas has today approved modification 270, as submitted by Transco. Transco has also withdrawn modification proposal 267.

Modification 270 removes from the CSEP ancillary agreement, and places in the network code, the concept that shippers could receive allocations based on deemed rather than metered flows of gas. Transco argued, and Ofgas accepted, that the Bacton Agency Agreement already required recipients of gas directly from interconnector shippers, known as Base Quantities by the CVSL, to first be signatories of the Agency Agreement.

Modification 267 proposed to clarify the treatment of gas allocated to a shipper who had not signed the CSEP ancillary agreement. It achieved this by proposing that where a shipper has not signed a CSEP Ancillary Agreement, Transco will not enter zero nominations or activities for the Bacton Interconnector sub-terminal. As implemented, modification 270 means that shippers receiving gas through the pool at Bacton via terminal level trading would not have to sign a CSEP ancillary agreement. Those zero nominations at the sub terminal level already created by Transco under mod 232 would remain valid and modification proposal 267 would not be required. It has been withdrawn by Transco.

Possible Impact on Customers

This proposal will have no direct impact on customers. The proposal is intended to reduce the uncertainty for shippers trading in the pool at Bacton.

Further Information

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