

TRANSCO NETWORK CODE MODIFICATION PROPOSAL

SHORT TITLE: Treatment of nominations and allocations at UK -Continent Interconnector for non CSEP Users.

DATE: 17/9/98 **PROPOSED IMPLEMENTATION DATE:** 1st October 1998

URGENCY: Urgent

JUSTIFICATION:

Modification 232 gives Transco the responsibility for automatically creating zero nominations and activities for all shippers at all sub-terminals.

There is a possible conflict between Modification 232 and the Bacton Interconnector CSEP Ancillary Agreement because entering zero nominations for a Shipper who has not signed the CSEP Agreement would conflict with the concept that a Shipper has to sign the CSEP Ancillary Agreement to have Transportation rights at this point. (mod 260).

This modification is required (and is justified as Urgent) because as drafted the code does not specifically cover a number of eventualities regarding nominations and allocations made by / for none CSEP users which could lead to uncertainty, risk and subsequent cost for Transco and Shippers.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

If this change is not made Shippers may see the presence of a zero nomination as a right to nominate at the Entry Point and rely on this nomination to achieve a supply demand / balance.

If the Shipper had not signed the CSEP Ancillary Agreement they would not be entitled to receive an Allocation even if their counterparty had flowed the gas. The code as currently drafted does not identify how this Gas should be treated.

The CSEP Ancillary Agreement contains rules about the mandatory nature of the matching / allocation agent. If a Shipper makes nominations at the Entry point but did not take part in the matching process there is the potential for this to cause added risk for other Shippers using the Interconnector to enter or exit gas from / to the NTS.

AREA OF NETWORK CODE CONCERNED:

(Principle document section C (nominations) and Section E(6) (allocations).

NATURE OF PROPOSAL:

(Consistent with the principle of mod 260 which states that Transco may require Shippers to enter into a CSEP Ancillary Agreement in order to enter Gas at the Bacton Interconnector Sub Terminal)

- Transco will not enter zero nominations or create activities at the Bacton Interconnector sub terminal for shippers who have not signed the CSEP Ancillary Agreement.
- Where Transco has previously entered zero nominations or created activities for none CSEP users these will be deemed ineffective and Transco will be entitled to remove these from AT-Link.
- Shippers who have not signed the CSEP Ancillary Agreement will not be entitled to nominate / renominate or receive allocations at the Bacton Interconnector Sub-Terminal.
- Where the CVA allocates to a Shipper who has not signed the CSEP Ancillary Agreement Transco will be entitled to treat the allocation as un-claimed Gas.

PURPOSE OF PROPOSAL:

This modification will avoid uncertainty and therefore reduce risk financial and otherwise for all Shippers using the Interconnector to Enter or Exit Gas to/from the NTS.

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PROPOSER: *TIM DAVIS*
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POSITION: *Manager, Network Code*
COMPANY: *Transco*

MODIFICATION PANEL SECRETARY'S USE ONLY

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