

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0379

SHORT TITLE: Capacity Transfers between ASEPs

DATE: 28.1.00 **PROPOSED IMPLEMENTATION DATE:** 1 June 2000

URGENCY: Urgent

JUSTIFICATION OF URGENT STATUS:

The Network Code presently requires Transco to commence the auction of Monthly System Entry Capacity for use in April - September by 15th February. Modification Proposal 0378 proposes to defer the auction start date until 6th March 2000. This proposal, if implemented, will afford registered holders of Monthly System Entry Capacity with the ability to use that capacity on an interruptible basis at locations other than that for which the firm capacity right has been bought. For this reason it is appropriate that shippers should have prior knowledge of the applicability of the proposals contained in this modification proposal before the next round of auctions for monthly capacity commences.

NATURE OF PROPOSAL:

Quantities of Monthly System Entry Capacity (MSEC) are made available for use at specific Aggregate System Entry Points (ASEPs). Shippers have an opportunity to obtain quantities of MSEC at the locations appropriate to their portfolio through pay as bid auctions.

In this proposal, which has been the subject of discussion within Development Work group 371, it is proposed that each shipper should have the ability to transfer all or part of his MSEC quantity from the location for which it was purchased to another ASEP. It is envisaged that the capacity will be transferred either on the day before the gas day or on the gas day if a within day mechanism is implemented. Capacity transferred on the gas day shall be subject to the 1/24th rule, such that a constant rate of gas supply will be assumed when calculating gas flow rate. Once transferred the capacity will provide the holder with an interruptible capacity right at the secondary location for the period of its applicability. Should a shipper wish to transfer back some previously transferred capacity from the secondary ASEP to the primary ASEP, then the shipper will automatically recover the firm capacity right pertaining to the quantities transferred back. It is proposed that it will only be possible to transfer capacity rights from a secondary ASEP to the primary ASEP.

The quantities eligible for transfer will be limited to each shippers registered holding of MSEC capacity.

All capacity transferred to a secondary ASEP will be considered with all other Interruptible System Entry Capacity for the purpose of determining an Interruptible Curtailment Factor. Interruptible Curtailment Factors will continue to be calculated and notified in accordance with section B2.8 of the Network Code.

PURPOSE OF PROPOSAL:

Capacity transfers between terminals will help to reduce potential inefficiencies in monthly capacity booking where shippers must predict their entry capacity requirements some time before actual use of the capacity. Improved efficiency will be achieved because shippers will be afforded an opportunity to optimise their portfolios of booked MSEC capacity, such that the locations at which MSEC is to be used can be adjusted to match market developments.

The proposal will also provide shippers with a measure of security should supply difficulties be encountered. Shippers will gain an opportunity to obtain, at short notice, temporary capacity rights at a secondary location should difficulties be encountered in the supply of gas to the primary ASEP.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

In the event of supply difficulties, where a shipper must consequently source gas from an alternative ASEP, then that shipper may be required to bid for quantities of firm capacity on the proposed within day capacity mechanism or risk overrun charges. Should the within day mechanism not be approved then shippers will consider the appropriateness of purchasing sufficient cover to avoid overrun charges, probably by means of day ahead interruptible capacity, to satisfy the risks associated with short term fluctuations in sourcing gas supplies.

AREA OF NETWORK CODE CONCERNED:

Section B

IDENTITY OF PROPOSER'S REPRESENTATIVE:

Russell Cooper

PROPOSER: Tim Davis

SIGNATURE:

POSITION:Manager, Network Code

COMPANY:Transco

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number:

Date Received: