

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0399
"Delay to Monthly Capacity Auction - Summer 2000"
Version 1.0

Date: 12/05/2000

Proposed Implementation Date:

Urgency: Non-Urgent

Area of Network Code Concerned

Section B 2.3.2 (a)

Replace ".....31st July...." with ".....31st August....."

Nature of Proposal

Following the auctions of Monthly System Entry Capacity (MSEC) held in March 2000, discussion has commenced amongst industry participants about modifications to the auction process that may be appropriate before the next round of auctions for the purchase of MSEC for use from 1 October 2000. In order to facilitate that discussion and enable modifications to be progressed without undue haste it is proposed that completion of the forthcoming auctions is changed from the 31 July 2000 to the 31 August 2000.

In addition to views on the appropriateness of this change in date respondents are invited to comment upon alternative dates within representations.

Justification

Transco wishes to continue to facilitate discussion and allow more time for the due process of modification changes and/or pricing consultations to take place prior to the next set of MSEC auctions.

Consequence of not making this change

The Network Code requires that the next auctions are completed by 31 July 2000. It is possible that if the present timetable is adhered to then the consultation processes and notification periods for any possible changes to the auction may be too short to allow shippers to fully evaluate the impact and develop appropriate bidding strategies.

Purpose of Proposal

A number of issues pertaining to auctions have been raised by participants of RGTA capacity workstream. The following list of discussion areas is not intended to be exhaustive, but does provide an indication of the broad range of topics to be discussed in a comparatively short time span. All topics, except the use of options, are parameters in the existing auction methodology and therefore may be modified if appropriate, prior to an auction proposed to be re-scheduled for 31 August 2000. The use of options has been raised in the recent Ofgem discussion paper 'Entry capacity regime for October 2000: a discussion paper'. The work content of such a proposal, if it should prove desirable, is as yet uncertain.

Monthly System Entry Quantities

Method of allocation to each entry point

Reserve price

Overrun charges

Number of auction rounds

Number of days between auction rounds

Duration of auction 'window'

Auction transparency

Availability of Interruptible capacity

Use of options

Incentive Parameters

Proposer's Representative

Mark G Ripley (Transco)

Proposer

Tim M Davis (Transco)

Signature

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