

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0570
"Shipper Responsibilities in the Event of the Ofgem Appointment of a Supplier of Last Resort"
Version 1.0

Date: 24/07/2002

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

In the event that it is necessary to appoint a supplier of last resort (SOLR) the current drafting of the Network Code does not make any specific provision for obligations in respect of energy balancing and transportation charges.

Nature of Proposal

Under Ofgem's arrangements to appoint a SOLR, only Suppliers with appropriate shipping arrangements are eligible for appointment. It is proposed that all responsibility for energy balancing and transportation will transfer to the User shipping for the appointed Supplier with effect from the date of their appointment as an SOLR. From this date the User will incur energy balancing and transportation charges in respect of the portfolio of the failed Supplier.

Transco will manage the portfolio of the failed shipper/supplier in the interim, until supply point transfer has been effected. During this interim period Transco will closely liaise with the relevant shipper to ensure that Energy Balancing exposures are minimised.

Purpose of Proposal

This proposal will ensure that the gas consumed by customers within the portfolio of a failed Supplier is correctly provided for and that financial responsibility for energy balancing and the provision of transportation services can be allocated to the new Shipper from the date of appointment of a SOLR.

Consequence of not making this change

There will be no clear financial responsibility for shipping obligations in the event of a SOLR being appointed. In addition there will be a period between the date of appointment and the completion of the portfolio transfer where the charges associated with energy balancing for the portfolio will continue to accrue to the community through smeared charges. Furthermore charges incurred in relation to the provision of all transportation services will continue to accrue.

Area of Network Code Concerned

Section G

Proposer's Representative

MIKE S YOUNG

Proposer

British Gas Trading Ltd

Signature

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