

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0621
"Determination of Additional Available Daily System Entry Capacity"
Version 1.0

Date: 13/03/2003

Proposed Implementation Date: 01/10/2003

Urgency: Non-Urgent

Justification

At present within-day Daily System Entry Capacity is allocated in accordance with rules that do not allow for Transco discretion in determining the quantity to be offered. An inflexible determination of the quantities to be offered is inefficient because it does not enable Transco to respond positively to demand for capacity under circumstances that it might consider could be reasonably satisfied. Failure to satisfy demand in these circumstances could prevent gas from being delivered for entry into the transportation system.

The present Network Code arrangements for Daily System Entry Capacity feature different approaches to the determination of quantities to be made available depending upon the timing of the allocation. This Proposal would change the within-day quantity determination so that it is consistent with the approach applied at the day-ahead stage.

Nature of Proposal

It is proposed that the determination of Available Within-Day Capacity should be amended to reflect the arrangements that presently apply at the day-ahead stage such that the quantity to be made available should be equal to the sum of any Unsold System Entry Capacity plus any additional Daily System Entry Capacity that Transco may in its sole discretion choose to make available for the day.

Purpose of Proposal

The Proposal is intended to enable Transco to remove the restriction in respect of the within day release of capacity. Thus Transco will be able to maximise capacity allocation taking account of the risk / reward trade-off associated with the release of any capacity over the appropriate obligated quantities. This should promote market efficiency and avoid the risk of stranding gas off-shore. Implementation of the Proposal should therefore better facilitate efficient and economic operation of the System, and promote competition between Shippers.

Consequence of not making this change

Transco may be restricted in its release of capacity requested by Users and consequently:

1. Gas may be stranded off-shore;
2. Higher secondary capacity prices may be experienced by Network Code parties;
3. Loss of a potential revenue opportunity to the community from additional daily capacity sales.

Area of Network Code Concerned

Section B: System Use and Capacity
Paragraph 2.4: Daily System Entry Capacity

Proposer's Representative

Nigel K Sisman (Transco)

Proposer

Mike Calviou (Transco)

Signature

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