

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0654
"Notification of LNG Storage Duration"
Version 1.0

Date: 10/10/2003

Proposed Implementation Date: 01/04/2004

Urgency: Non-Urgent

Justification

Transco routinely, prior to the onset of each Storage Year, assesses the physical Storage Space and Deliverability available to Users at each LNG Facility and discusses this data with Ofgem. As a result of these discussions in March 2003, Ofgem consulted on capacity available at each of the five LNG facilities. In its report on this consultation, Ofgem concluded that " .. Section Z of the Network Code permits TLNGS to determine the volume level of LNG capacity that can be offered. As such, decisions on LNG capacity withdrawal of this kind are a matter for TLNGS."

The Storage Duration (ie Storage Space divided by Storage Deliverability) offered to Users within the Annual Storage Invitation would logically reflect the Space and Deliverability available to Users and this would vary from LNG Facility to LNG Facility. Section Z, however, defines a fixed Storage Duration of 5 days leading to an unavailability of either Storage Space or Storage Deliverability with the auction process. In 2003/4 this restriction led to an initial unavailability of 176,400,000 kWh of Storage Space and 131,200,000 kWh/day of Storage Deliverability which was sold outside the auction process.

Transco believes that it would be more efficient to make Storage Capacity available within the auction process and is raising this Modification Proposal in order to facilitate change.

Transco does not propose changing the established consultation arrangements that take place annually prior to the onset of each Storage Year.

Nature of Proposal

With effect from Storage Year 2004/5, it is proposed that Transco LNG replaces the Network Code reference to fixed 5-day Storage Duration with a reference to the Annual Storage Invitation. This would allow the Storage Durations for each LNG Facility to be stated within the Annual Storage Invitation.

Purpose of Proposal

Implementation of this Proposal would facilitate the maximisation of LNG capacity available to the market in a primary auction. This would be consistent with facilitating effective competition between relevant Users and the efficient and economic operation of the System.

Consequence of not making this change

By continuing to apply a standard 5-day duration service TLNG Storage capacity is effectively stranded.

Area of Network Code Concerned

Z2.3.2

Proposer's Representative

John Bradley (Transco)

Proposer

Mike Calviou (Transco)

Signature

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