

Draft Modification Report
Partial 'Volume' Interruption Service
Modification Reference Number 0657

Version 1.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

The current partial interruption service facilitates the reduction of gas demand at an interruptible supply point rather than full interruption. Partial interruption is currently achieved via the reduction of one or more 'tranches' on an hourly rate basis. This Proposal seeks to enhance current partial interruptions arrangements so that when loads can be permitted to offtake gas at rates higher than those available under the current partial interruption service, they should be allowed to do so. In such a scenario, the aggregate daily offtake would be limited to the daily offtake quantity implied by the uninterrupted 'tranches' subject to a supply point maximum hourly rate as specified in the interruption notice.

This additional flexibility (over and above the current partial interruptible service) will only be offered at Transco's discretion.

2. Transco's Opinion

In the Winter Operations report 2003/2004, NGT highlighted that in a severe winter there could be significant volumes of interruption required for supply-demand balancing purposes. This would be expected to have a significant impact on the supply of gas to consumers who have interruptible supply contracts. Transco believes that enhancement of interruption services, which introduce more flexible arrangements, may go some way to mitigate the potential impact of this volume of interruption for winter 2003/04.

Transco has the right to call for interruption at interruptible supply points to alleviate transportation constraints, for testing purposes and for supply demand matching purposes when the forecast national demand is greater than 85% of the forecast peak day demand. The prevailing interruptible arrangements are the same irrespective of the trigger for interruption. This Modification Proposal, if implemented, seeks to enhance partial interruption arrangements such that the offtake for relevant partially interruptible supply points may be restricted based on daily volume, as opposed to limiting the hourly quantity, when system flexibility allows.

The interruption arrangements will be modified such that a distinction is made between 'rate interruption' and 'volume interruption'. 'Rate interruption' would typically be triggered by anticipated system capacity constraints and 'volume interruption' by forecast demands in excess of 85% of the peak day demand. The operation of the proposed service will depend on Transco interruption procedures identifying capacity constraints and triggering the required interruption before any supply/demand issues are addressed. It is proposed that Transco will have discretion as to when the partial 'volume' interruption service may be utilised.

The intent of partial 'volume' interruption service is to offer the end consumer the opportunity to choose whether to maintain their peak rate whilst reducing the off-peak rate in order to deliver the required interruption volume. The peak rate cannot be increased.

Implications on the Electricity System

Transco does not envisage that implementation of this Proposal would have any detrimental implications on the electricity system. Indeed Transco considers that implementation of this Modification Proposal may better facilitate gas supplies to CCGTs that have interruptible supply contracts to satisfy peak electricity demand. The partial 'volume' interruption service limits the CCGT to a volume of gas that might allow generation over the peak electricity demand period at peak rate rather than restricting the generation capacity over the entire gas day.

3. Extent to which the proposed modification would better facilitate the relevant objectives

The Proposal, if implemented, seeks to enhance prevailing partial interruption arrangements in a manner which may facilitate greater freedom to access system flexibility when such flexibility is available. This approach is consistent with the safe, efficient and economic operation of the gas pipeline system.

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

The operational changes required to support the Proposal are not considered to be significant.

b) development and capital cost and operating cost implications:

Transco does not envisage that capital and operational costs, to support the implementation of the Proposal, as significant.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

No additional cost anticipated.

d) analysis of the consequences (if any) this proposal would have on price regulation:

Transco is unaware of any such consequences.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Transco does not envisage any such consequences.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

Transco anticipates that only minor changes to User systems may be required.

7. The implications of implementing the Modification Proposal for Users

Transco envisages that the proposed service provides flexibility to Users to more efficiently manage gas and alternative energy requirements within day.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

Transco does not anticipate any such implications in respect of Terminal Operators, Storage Operator, Suppliers Producers and any other Non Network Code Party. However Transco believes that relevant End Consumers and Connected System Operators may benefit from the flexibility that the proposed service may provide. Partial 'volume' interruption arrangements may provide relevant End Users with the flexibility to offtake restricted gas by volume and not rate providing greater flexibility to manage interruption obligations in the context of managing there supply point and alternative energy requirements.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

Transco is not aware of any such consequences.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages:

- provides greater flexibility for relevant end users to efficiently manage interruption obligations. Offers the end consumers the opportunity to choose whether to maintain their peak rate whilst reducing the off-peak rate in order to deliver the required interruption volume.
- facilitates greater freedom to access system flexibility when such flexibility is available. May optimise offtake rates over the day during periods of partial site interruption where such offtake flow rate variation can be accommodated on the system.

Disadvantages:

- increased complexity in respect of the operation of interruption management.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Transco now seeks responses to this Draft Modification Report.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Transco believes that the implementation of this Proposal provide a means by which security of supply risks may be mitigated for this winter.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

Transco is unaware of any such requirements.

14. Programme of works required as a consequence of implementing the Modification Proposal

Develop and implement procedural changes to partial interruption processes.
Develop and implement system changes.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

	Action	Due Date
	DMR issued	28/10/03
	Consultation close-out	18/11/03
	FMR issued	21/11/03
	Ofgem decision	28/11/03
	Systems Development and Implementation	01/12/03

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends the implementation of this Modification Proposal.

17. Text

SECTION G: SUPPLY POINTS

Amend paragraph 6.10.4 to read as follows:

“Where Transco requires Interruption at the Supply Point:

(a) pursuant to paragraph 6.7.3(i) or in relation to an NSL:

- (i) in any period . . .;
- (ii) . . .; and
- (iii) . . .;

(b) pursuant to paragraph 6.7.3(ii) or 6.7.3(iii) (other than in relation to an NSL):

(i) for the period on any Day for which Interruption is required (for the purposes of this paragraph 6.10.4(b) the “**relevant Day partial interruption period**”), and subject always to paragraph 5.3.1, the Registered User will be allowed to offtake a quantity of gas (and Sharing Registered Users will be allowed to offtake a quantity of gas in aggregate) measured in kWh, not exceeding the sum of the Tranche Quantities of the Tranches at the Supply Point in respect of which an Interruption Notice has not been served multiplied by the number of whole hours in the relevant Day partial interruption period on that Day;

(ii) for the purposes of paragraph 6.9.1(a), the requirement of paragraph 6.7.2(b) shall not be satisfied where the quantity referred to in paragraph (i) has been exceeded in the relevant Day partial interruption period;

(iii) the provisions of paragraph 6.9.2(a) shall apply; and

(iv) the provisions of paragraph 6.10.5 shall apply save that for the purposes of interpreting such paragraph the User shall be deemed to have offtaken a quantity of gas (and Sharing Registered Users shall be deemed to have offtaken a quantity of gas in aggregate) in each hour of the relevant Day partial interruption period equal to the total quantity offtaken in such period divided by the number of whole hours in such period.

Amend paragraph 6.11.4 to read as follows:

“Where Transco requires Interruption at an Interruptible CSEP;

(a) pursuant to paragraph 6.7.3(i) or in relation to an NSL:

- (i) in any period . . .;

(ii) . . .; and

(iii) . . .;

(b) pursuant to paragraph 6.7.3(ii) or 6.7.3(iii) (other than in relation to an NSL):

(i) for the period on any Day for which Interruption is required (for the purposes of this paragraph 6.11.4(b) the “**relevant Day partial interruption period**”), and subject always to paragraph 5.3.1, the CSEP User will be allowed to offtake a quantity of gas (and CSEP Users will be allowed to offtake a quantity of gas in aggregate) measured in kWh, not exceeding the sum of the Tranche Quantities of the Tranches at the Interruptible CSEP in respect of which an Interruption Notice has not been served multiplied by the number of whole hours in the relevant Day partial interruption period on that Day;

(ii) for the purposes of paragraph 6.9.1(a), the requirement of paragraph 6.7.2(b) shall not be satisfied where the quantity referred to in paragraph (i) has been exceeded in the relevant Day partial interruption period;

(iii) the provisions of paragraph 6.9.2(a) shall apply; and

(iv) the provisions of paragraph 6.11.5 shall apply save that for the purposes of interpreting such paragraph the CSEP User shall be deemed to have offtaken a quantity of gas (and CSEP Users shall be deemed to have offtaken a quantity of gas in aggregate) in each hour of the relevant Day partial interruption period equal to the total quantity offtaken in such period divided by the number of whole hours in such period.

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report

Signed for and on behalf of Transco.

Signature:

Mike Calviou
Commercial Frameworks Manager
NT & T

Date: