

**DRAFT 1: HIGH LEVEL BUSINESS RULES FOR GLNG MOD PROPOSALS**

***PROCUREMENT MODIFICATION (0639)***

*- IMPLEMENTATION REQUIRED NO LATER THAN 1<sup>ST</sup> JANUARY 2005*

**1. 1. Effective Date**

1.1. 1.1. Isle of Grain will cease to be a Storage Facility, and references to it being a storage facility will be removed from Network Code, not earlier than the date notified by TLNGS in the 2004 LNG Annual Storage Invitation - *currently envisaged to be 1<sup>st</sup> January 2005*

**2. 2. Operating Margins (Section K)**

2.1. 2.1. Operating Margins requirements may be procured at:

a) a) Storage Facilities

b) b) LNG Importation Terminals

2.2. 2.2. Operating Margins Manager will have the ability to either procure a 'gas-delivery' or a 'capacity' service from LNG Importation Terminals on terms agreed with either the Importing Shipper or Terminal Operator

2.3. 2.3. If a 'capacity' service is procured, it will be on terms similar to procurement of Operating Margins requirements from Storage Facilities, as currently defined in Network Code

2.4. 2.4. Should an OM 'gas delivery' service be procured, Operating Margins Manager will not be required to either:

a) a) procure capacity at an LNG Importation Terminal, or

b) b) procure gas to hold in LNG Importation Terminals, or

c) c) dispose of excess gas held in LNG Importation Terminals

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If the service provider defaults then any 'gas delivery' service may be replaced by a 'capacity' service

- 2.5. 2.5. When Operating Margins gas is called off under a 'gas delivery' service, an Operating Margins WACOG will be calculated in accordance with the Procurement Guidelines.

### **3. 3. Top-Up (Section P)**

- 3.1. 3.1. The Top-Up Manager may procure a Top-Up service at the Isle of Grain Facility to meet a 1-20 Storage Deliverability Requirement

- 3.2. 3.2. Where Top-Up Manager has identified a Storage Deliverability Requirement at the Isle of Grain Facility:

- a) a) the Top-Up Manager may nominate to retain gas-in-store, which would otherwise be withdrawn by other terminal users, to ensure 1-20 Storage Deliverability Requirements can be met.
- b) b) following a 'Retention' Nomination, and prior to any Operational Withdrawal Nomination, Top-Up Manager will post a Top-Up Market offer at a price in line with the provisions of P5.3.
- c) c) following a 'Retention' Nomination, Top-Up Manager may make an Operational Withdrawal Nomination to ensure normal operation of the facility is maintained.

### **4. 4. Constrained LNG (Section R)**

- 4.1. 4.1. The Isle of Grain Facility will be classed as a Transmission Support LNG Importation Terminal

- 4.2. 4.2. Transco, in it's capacity as Top-Up Manager, may procure a 'Transmission Support gas delivery' service from Transmission Support LNG Importation Terminals

- 4.3. 4.3. Transmission rebates will continue only to be available from Constrained Storage Facilities and not at Transmission Support LNG Importation Terminals

***TRANSITIONAL MODIFICATION (YET TO BE LAUNCHED)***

*- IMPLEMENTATION REQUIRED NO LATER THAN 1<sup>ST</sup> MARCH 2004*

**5. 5. Effective Date**

- 5.1. 5.1. Isle of Grain will cease to be a Storage Facility, and references to it as such will be removed from Network Code, not earlier than the date notified by TLNGS in the 2004 LNG Annual Storage Invitation - currently envisaged to be 1<sup>st</sup> January 2005
- 5.2. 5.2. TLNGS shall give not less than [2] months notice of the date by which Isle of Grain Storage Facility will be removed from Network Code, the “Effective Date”
- 5.3. 5.3. As from the Effective Date the Isle of Grain will cease to be classified as a Transco LNG Storage Facility (R1.7.1(b)) and a Constrained Storage Facility (R4.1.1)

**6. 6. LNG Storage Service Duration**

- 6.1. 6.1. Transitional LNG Storage Services will be available at the Isle of Grain, to all Users from 1<sup>st</sup> May 2004 until the earlier of:
- a) a) The day immediately prior to the Effective Date; or
  - b) b) The end of the 2004/05 Storage Year
- 6.2. 6.2. Should the Effective Date fall after the end of the 2004/05 Storage Year, Transco LNG Storage will have the option to offer further Transitional LNG Storage Services at the Isle of Grain

**7. 7. LNG Storage Service Terms - Shippers**

- 7.1. 7.1. There will be no carry-over provisions for Shippers gas in store as from the Effective Date and mandatory withdrawals will apply, unless a Shipper has made alternative arrangements in accordance with 7.2

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7.2. 7.2. Shippers may, if TLNGS / GLNG or Transco so request, trade their gas in store (no later than the Effective Date) to either TLNGS, Transco, GLNG or the Importing Shipper should gas-in-store be required for commissioning work or for Operating Margins / Transmission Support purposes.

7.3. 7.3. Transco's Isle of Grain constrained monitor profile will need to be zero as from the Effective Date and the Constrained Storage Service and associated Transmission Rebates will stop as at the Effective Date. Transco will then be required to procure Transmission Support Top-Up services from the Isle of Grain Facility for the remainder of the 2004/05 winter

## **8. 8. LNG Storage Service Terms – Transco**

8.1. 8.1. Disposal of Operating Margins & Transmission Support Requirements will be in accordance with the provisions within Network Code, as at the Effective Date

## **9. 9. Commissioning Services – to be developed**

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### **PROPOSED TIMETABLE**

Discussion at PSS Workstream (initial presentation)	1 July 2003
Launch 'Transco Procurement' Modification	11 July 2003
Transco Procurement Modification to July Panel	17 July 2003
Discussion at PSS Workstream (Business Rules)	12 August 2003
Launch 'Transitional Services' Modification	[13 August 2003]
Transitional Services Modification to August Panel	21 August 2003
Discussion at PSS Workstream (Business Rules)	2 September 2003
Discussion at NT&T Workstream (Business Rules)	4 September 2003
Report to September Panel – “to consultation...”	18 September 2003

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Draft Modification Reports (inc legal text)	9 October 2003
Consultation until	30 October 2003
Final Modification Reports	20 November 2003
Ofgem Decisions	...

12 August 2003