

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0577
"Facilitation of Shrinkage Provider NBP Trade Disposals"
Version 3.0

Date: 14/08/2002

Proposed Implementation Date: 01/10/2002

Urgency: Non-Urgent

Justification

The Shrinkage Provider is currently prohibited from making Disposing Trade Nominations.

The prohibition on Disposing Trade Nominations might lead to an inherent bias in respect of under-procurement of gas into the Shrinkage Provider account.

Increasing the Shrinkage Provider's ability to manage its imbalance risk by allowing it to have the ability to make Disposing Trade Nominations would improve the economic and efficient operation of the system.

Nature of Proposal

The restriction on making Disposing Trade Nominations should be removed.

The Shrinkage Provider should be able to make Disposing Trade Nominations.

Purpose of Proposal

The relaxing of the Disposing Trade Nomination restriction will allow the Shrinkage Provider greater opportunity to more efficiently manage its account by having access to the NBP market in a manner closer to that of other market participants.

Consequence of not making this change

The Shrinkage Provider will continue to be prevented from selling gas at the NBP therefore potentially creating asymmetric risk in respect of both the Shrinkage Provider account and the system balance.

This might prevent efficient management of the Shrinkage Provider account and hence may give rise to uneconomic and inefficient operation of the system.

Area of Network Code Concerned

Section N

Proposer's Representative

Nigel K Sisman (Transco)

Proposer

Tim M Davis (Transco)

Signature

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