

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0580

"Responsibilities following the Appointment of a Supplier of Last Resort"

Version 1.0

Date: 28/08/2002

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

In the event Ofgem appoints a Supplier of Last Resort ("SoLR"), the Network Code does not specify how the energy balancing responsibilities and transportation charges are allocated from the date of that appointment.

Nature of Proposal

Under Ofgem's arrangements to appoint a SoLR, only suppliers with appropriate shipping arrangements are eligible for appointment. It is proposed that all responsibility for energy balancing and transportation would transfer to the shipper contracted to the appointed Supplier with effect from the Date of Appointment as a SoLR. From this date the shipper would be responsible for the Network Code obligations relating to energy balancing and transportation charges in respect of the portfolio of the failed shipper.

In order to allow the shipper of the SoLR ("the new shipper") to operate its newly acquired portfolio using UK-Link / AT-Link systems, the failed shipper's account would be made available to the new shipper. This would require a number of data transfer processes and the issue of new system security IDs to permit the new shipper to access failed shipper's portfolio. Transco would endeavour to effect the data transfer and issue the IDs to the new shipper during the Day following the Day on which it was notified of the new shipper's appointment and they would be useable from 06:00 on the Day following issue. It is anticipated that this would coincide with the Date of Appointment.

Where Transco is notified of the identity of the new shipper early on the Day prior to the Date of Appointment, Transco would, at its discretion, endeavour to effect the data transfer and issue the IDs for the commencement of the following Day.

This solution would permit one shipper, shipping for one or more suppliers, to manage the portfolio of the failed shipper, although as soon as the new portfolio becomes the responsibility of the new shipper, normal supply point transfer rules would apply.

Accordingly, Transco would undertake a review of the Energy and Transportation credit arrangements of the new shipper in light of its new portfolio and advise it of any new credit arrangement that need to be put in place within 14 days of Transco becoming aware of the appointment.

Purpose of Proposal

This proposal would ensure that the gas consumed by End Users within the portfolio of a failed shipper is correctly provided for and that financial responsibility for energy balancing and the provision of transportation services are allocated to the new shipper from the date of appointment of a SoLR.

Consequence of not making this change

There will be no clear financial responsibility for shipping obligations in the event of a SoLR being appointed. In addition, there will be a period between the date of appointment and the completion of the portfolio transfer where the charges associated with energy balancing for the portfolio will continue to accrue to the community through smeared charges. Furthermore charges incurred in relation to the provision of all transportation services will continue to accrue against the failed shipper.

Area of Network Code Concerned

Section G, V and X.

Proposer's Representative

Alan G Raper (Transco)

Proposer

Steve R Phillips (Transco)

Signature

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