# TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0585
## "Provision of Contestable System Reserve Services"
### Version 1.0

**Date:**          13/09/2002

**Proposed Implementation Date:**     31/01/2003

**Urgency:**     Non-Urgent

## Justification

This Modification Proposal is required to enable development of System Reserve services on a contestable basis which is not provided at present within the Network Code.

## Nature of Proposal

It is proposed that the present Network Code provisions for Operating Margins be revised to allow contestable services to supplement the present arrangements whereby System Reserve services are only booked under Network Code, storage centred, Operating Margins provisions.

In parallel with this Proposal, Transco intends to develop contestable System Reserve service contracts.  The implementation of these service contracts would be similar to those already adopted by Transco for entry capacity management.  It is intended that the contracting process would be outlined in the proposed Procurement Guidelines and operated in accordance with the proposed System Management Principles.

It is intended that a number of the present Operating Margins provisions within the Network Code would be retained including those relating to the assessment and notification of requirements.

## Purpose of Proposal

Implementation of this Modification Proposal would allow Transco to obtain System Reserve services from a number of sources including Users able to offer demand side curtailment of exisiting firm loads.  This would be expected to:
*   Facilitate Transco's efficient and economic operation of its pipeline system; and
*   In widening the range of Users and other parties able to offer the proposed service, facilitate the securing of effective competition between relevant shippers.

## Consequence of not making this change

Transco would have only the present means of obtaining System Reserve services in order to meet the established scenarios where balancing gas would be required from that reserve.  This would inhibit the development of more economic methods of meeting System Reserve requirements.

**Area of Network Code Concerned**

Section K- Operating Margins

**Proposer's Representative**

John J Bradley (Transco)

**Proposer**

Tim M Davis (Transco)

**Signature**

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