

TRANSCO WORKSTREAM REPORT

"Provision of Contestable System Reserve Services"

Version 1.0

1 Background to the Modification Proposal

The principles behind Transco's proposals for contestable System Reserve services were discussed with NT&T Workstream members prior to the September Modification Panel. For Transco's suggestions to be adopted, changes would be required to the Network Code and this was highlighted in this Modification Proposal which was presented to the September Modification Panel with a recommendation for Workstream review. This suggestion was accepted.

2 Description of the Modification Proposal

The Proposal was as follows:

"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."

3 Summary of Discussions

Since the September Modification Panel, two meetings have been held. The first, held on 27 September, reviewed Transco's initial suggested business rules; the second, held on 8 October, further discussed the issues arising from the first meeting.

Transco's intention was that some of the 47 business rules discussed in the first meeting would be incorporated in the Network Code but others were more applicable for the Contestable Services Tender or in contracts arising from the tender process. From the discussion of these business rules, Transco identified 12 issues for discussion at the second meeting. Not all of these were resolved and for this reason the meeting decided that this Modification Proposal would benefit from further review prior to initiating consultation.

4 Workstream Recommendation

The recommendation to the Modification Panel is therefore:

That Modification Proposal 0585 should remain with the NT&T Workstream.