

TRANSCO WORKSTREAM REPORT

"Top-up Monitor Cost Recovery"

Version 1.0

1 Background to the Modification Proposal

This Proposal was raised by Transco at the September Modification Panel and referred to the NT&T Workstream.

2 Description of the Modification Proposal

The Proposal was as follows:

"It is proposed that where the Top-Up Manager identifies a Winter Top-Up Injection Requirement, due to the amount of gas-in-storage falling below the "monitor" level, it would notify this to all Users. Following such notification, if a User were to make any subsequent Storage Withdrawal Nomination, the net costs of any counter storage injection made by the Top-Up Manager in compliance with the Network Code and Safety Case would be recovered from that User. This notification would be withdrawn if the monitor level subsequently fell below the amount of gas-in-storage.

The costs expected to be incurred by the Top-Up Manager to be recovered from the User would be:

- Cost of gas purchased on the day for injection into the Storage Facility(ies) concerned;
- Costs of all services procured by the Top-Up Manager in order to make the injection and to store the gas; and
- Any additional costs in withdrawing that gas from the Storage Facility(ies) under Network Code disposal arrangements.

It is suggested that all income, after allowing for financing costs, from the subsequent disposal of that gas would be offset against the costs summarised above."

3 Sub-Group Discussion

At the October Planning and Security (including Storage) Sub-Group (PSS) meeting, the proposer outlined the rationale behind this Proposal. It was agreed that the opportunity should be given to discuss further Transco's methodology for calculation of Top-Up monitors and Transco was asked to provide information to assist. Transco also identified that it would consider alternative suggestions for focussing cost recovery on the parties that contributed to any breach in these monitor levels.

It was therefore agreed that the Proposal should remain with the Workstream.

3 Recommendation

The recommendation to the Modification Panel is therefore:

That Modification Proposal 0583 should remain with the NT&T Workstream.