

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0556**  
"Amendment to Minimum Capacity Requirements for Interruptible DM Sites"  
Version 2.0

**Date:** 18/06/2002

**Proposed Implementation Date:** 01/10/2002

**Urgency:** Non-Urgent

**Justification**

Difficulties are being encountered in shipper transfers with a number of Interruptible DM Supply Points. It appears that this is largely due to these sites having invalid load details that can frustrate the SPA process for shipper-shipper transfers. This proposal has been raised to reduce the occurrence of invalid site configurations being set up for Interruptible DM Supply Points and to provide a better indication of the level of interruptible capacity available.

**Nature of Proposal**

To introduce a maximum limit or cap on the minimum capacity requirement (or "Bottom-Stop" Supply Point Capacity) that Transco determines for Interruptible DM Supply Points. It is proposed that such a maximum limit would be set at the "Maximum Supply Point Capacity" for the site, consistent with the arrangements applying to Firm DM Supply Points.

If the Modification Proposal were approved, Transco would notify the shipper, when required to do so, of the previous winter's maximum daily consumption and the determined Bottom-Stop SOQ, the latter being capped at the Maximum Supply Point Capacity.

**Purpose of Proposal**

Network Code requires the SOQ/SHQ ratio (where SHQ = Supply Point Offtake Rate (or peak hourly rate)) for DM Supply Points to be within the range of 4 to 24. In certain cases, the previous winter's maximum daily consumption has been greater than 24 times SHQ. Under the present arrangements for interruptible supply points, the Network Code determines this value to be the "Bottom-Stop SOQ" and this is provided to the shipper as the minimum value for capacity booking. Shippers have a Network Code requirement (and licence obligation) to correctly nominate/amend SOQ and SHQ data for a Supply Point taking account of site history details provided by Transco and future load requirements. However, it appears unsatisfactory that Network Code requires Transco to notify a shipper a minimum capacity requirement that, if accepted, would place it (the shipper) in breach of Network Code (by exceeding the maximum permissible SOQ/SHQ range).

Furthermore, acceptance of the new load details by the incumbent shipper (which would take effect from the start of the following gas year) can delay an incoming shipper taking on a site with such a load configuration as the SPA system within UK Link, in accordance with the Network Code, will not produce an offer/ confirmation until the SOQ/SHQ ratio is valid. This in

practice can arguably frustrate competition in supply. There are presently around 90 Interruptible Supply Points with invalid SOQ/SHQ ratios.

The modification proposal, if implemented, would reduce the difficulties that shippers face in re-nominating the site details in accordance with Network Code by capping the minimum capacity requirement or “Bottom-Stop” SOQ to a level equal to the maximum supply point capacity for the relevant Interruptible DM Supply Point, an arrangement that presently applies for Firm DM Supply Points. This would avoid the anomalous situation of an incumbent shipper being required to book a level of interruptible capacity greater than that which Transco can make available and which if complied with by the shipper would place it (the shipper) in breach of Network Code.

It is envisaged that implementation of the modification proposal would reduce the occurrence of invalid site configurations thus alleviating the difficulties that exist in shipper-shipper transfers for certain affected sites. This would further the relevant objective of facilitating competition in supply arrangements. Implementation of the modification proposal would also send better signals to shippers in respect of the level of interruptible capacity Transco can make available thus potentially improving the efficient and economic operation of its pipeline system.

### **Consequence of not making this change**

An inconsistency in the minimum capacity requirements between Firm and Interruptible DM Supply Points would remain, thus creating a potential difficulty for shippers in correctly re-nominating Interruptible DM Supply Points. The shipper-shipper transfer process for such DM Supply Points would also continue to be hampered if invalid site ratios are accepted. Transco would continue to send misleading signals to shippers in respect of the levels of interruptible capacity Transco can make available.

### **Area of Network Code Concerned**

Section G (Supply Points) 5.2

### **Proposer's Representative**

Dominic J Harrison (Transco)

### **Proposer**

Tim M Davis (Transco)

### **Signature**

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