

TRANSCO WORKSTREAM REPORT

"Title to Gas in LNG facilities"

Version 1.0

1 Background to the Modification Proposal

British Gas Trading (BGT) raised Modification Proposal 0571 to reflect the concerns held by itself and other LNG Storage Users that title to gas stored in LNG facilities was held by the Storage Operator rather than by Users themselves. This Report should be read in conjunction with Reports previously submitted to the August, September, October and December Modification Panels.

2 Sub-Group Discussions - 7 January and 4 February 2003

Discussion at the January Sub-group meeting was centred around a note issued by BGT following the December Panel Meeting and which was attached to the December minutes. Actions were taken to consider further the following areas:

- LNG: Tenancy in Common, Definition of Title, User Termination, Clarification of Users' risks in holding title, and Security Risk
- BGT: Revised implementation date. Also to commence drafting the business Rules.

At the February PSS meeting both LNG and BGT reported on their individual actions. The Sub-group concluded that implementation in May 2003 was now unnecessary. Additionally, it would be inappropriate to recommend that the Proposal proceed to consultation until such time as there were specific proposals to separate LNG from Transco and the Network Code. BGT agreed that if there was no further movement on the separation of Transco LNG by the next PSS meeting it would consider withdrawing its Proposal and submit a similar Proposal at a more appropriate time.

3 Recommendation

The PSS Sub-group have concluded that it would be inappropriate to submit the Proposal for consultation at present. It recommends that a topic be raised by the Sub-group in order to reappraise the position at subsequent PSS meetings.