

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0409
"Revision to Monthly System Entry Capacity Auction Parameters"
Version 4.0

Date: 21/06/2000

Proposed Implementation Date: 01/08/2000

Urgency: Urgent

Justification

This Modification Proposal is the product of debate about the future arrangements for auctioning Monthly System Entry Capacity (MSEC). If approved it is intended that changes to auction parameters should be implemented before the next MSEC auctions, and hence urgent procedures are requested.

Nature of Proposal

The proposal is that the period for which MSEC is auctioned should be amended from twelve months to six months. That is the next series of auctions will offer MSEC for the period October 2000 through to March 2001 inclusive.

It is also proposed that the period between auction rounds should be extended from one to two business days.

During debate with Users and other interested parties the appropriateness of a number of other MSEC parameters has been discussed. Transco is however of the opinion that no further short term changes to auction parameters are warranted in advance of the next series of MSEC auctions. Transco would none the less welcome views in response to this modification proposal on the merits of maintaining unchanged parameters for the following:

- monthly system entry quantities
- method of allocation to each entry point
- number of auction rounds
- duration of auction 'window'
- auction transparency

Purpose of Proposal

The proposal is put forward to refine the auction process used to allocate MSEC amongst Users. In particular, offering entry capacity for a six month period will allow further time for evaluation of various allocation possibilities. It is anticipated that any such evaluation will be conducted with a view to enhancing the efficiency of the allocation process in subsequent auctions.

Increasing the period between auction rounds from to one to two days is intended to enable Users to better evaluate their bid strategies in forthcoming auction rounds. That evaluation should assist shippers in judging their response to the results of previous auction rounds and consequently assist the efficiency of the allocation process.

Consequence of not making this change

As specified in the Network Code, the next round of MSEC auctions will offer entry capacity for a twelve month period, delaying the date when further changes to the allocation process can be implemented. Also as set out in the Network Code, the period between auction rounds would remain a single business day.

Area of Network Code Concerned

Draft legal text is attached to this Modification Proposal.

Proposer's Representative

Russell D Cooper (Transco)

Proposer

Tim M Davis (Transco)

Signature

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