

UK Transco, Shippers and other  
Interested Parties

Direct Dial: 020-7901-7074

12<sup>th</sup> December 2000

Our Ref: NET/COD/MOD/412

Dear Colleague

### **Modification 412 '*Extension of Shared Supply Meter Point Arrangements*'**

Ofgem has considered the issues raised in modification proposal 412 '*Extension of Shared Supply Meter Point Arrangements*' and has decided to direct Transco to implement the modification because we believe that it better facilitates the relevant objectives of Transco's Network Code.

In this letter, we explain the nature of the proposal, the background to the modification proposal and give our reasons for making this decision.

#### **Background**

Currently, Shared Supply Meter Points (SSMP's) with annual quantities between 58.6 GWh and 1,465 GWh must have no more than four supply points, of which up to three can be supplied on an interruptible basis.

SSMPs with annual quantities greater than 1,465 GWh must have no more than six supply points, of which up to four may be interruptible.

#### **Proposal**

Transco has proposed removing the above restrictions. There will be no limit on either the number of supply points per SSMP or the number of supply points that may be designated as interruptible.

Transco argues that the proposal will ensure consistency in the terms offered to all SSMPs and should provide greater choice and flexibility in gas supply arrangements.

#### **Respondents' views**

6 responses were received, all expressing support for the modification.

One respondent argued that the D+5 close out for exit allocations should be increased to D+10 or D+15. They argue that as the number of Users at an SSMP increases, so does the complexity of the associated allocation arrangements. Increasing the time for exit allocations, therefore, would avoid a possible increase in contractual disputes.

Another respondent commented on the revised implementation date.

With regards to Transco's investigation into the operational impact of providing this service, another respondent requested clarification on the possibility of Transco moving from manual systems that it uses to administer allocation arrangements to a systemised solution.

### *Transco's view*

Transco argues that an extension of the present closeout timetable for exit allocations at SSMPs would require an extension to the timetable for the commodity invoices for all supply points. This would impact on the complete billing cycle for commodity invoices and the need for system changes.

Furthermore, Transco does not believe that the number of SSMPs or the number of Users per SSMP would significantly increase as a result of this modification being implemented, as neither of these has been restricted by the limits presently in place. If, however, there was an increase, Transco says it would be willing to support a review of the billing processes and the billing schedule.

Transco acknowledged that the proposed implementation date has changed from that stated in the draft modification report, although the final report reiterated that no changes to the UK-Link system are required.

Transco states it currently does not have any plans to move to a systemised solution for the allocation and billing arrangements for SSMPs.

### **Ofgem's views**

Ofgem believes the terms offered at all SSMPs will be consistent and give customers a greater choice of shipper/supplier, thereby providing greater flexibility in their supply arrangements. Additionally, we believe that this modification will further develop competition in supply arrangements.

### **Ofgem's decision**

Ofgem has decided to direct Transco to implement this modification. Transco has indicated the possibility of a 1<sup>st</sup> January 2001 implementation date, although we look to Transco to confirm this at the earliest opportunity.

Ofgem believes that this modification better facilitates the achievement of the relevant objectives as stated in Standard Condition 7(1) of Transco's Public Gas Transporter's license, namely the efficient and economic operation by Transco of its pipe line system and the securing of effective competition between relevant shippers.

If you have any queries in relation to the issues raised in this letter, please feel free to contact me.

Yours sincerely

Amrik Bal  
Manager, Trading Arrangements  
(Storage and Interconnectors)