

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0416
"Charging for Interruptible Entry Capacity"
Version 5.0

Date: 27/10/2000

Proposed Implementation Date: 01/12/2000

Urgency: Urgent

Justification

Urgent procedures are requested to enable the outcome of this proposal to be known to Users prior to commencing bidding for Monthly System Entry Capacity (MSEC) on 14 August 2000. It is possible that if implemented, this proposal to better reflect the nature of interruptible entry capacity by amending the charging arrangements, could also have an impact upon Users valuations of firm capacity.

Nature of Proposal

Transco wishes to enable a discussion about the charging arrangements for interruptible entry capacity. Transco proposes that when determining the quantity of interruptible capacity held by a shipper for charging purposes, no account should be taken of whether or not part or all of the interruptible capacity had been curtailed. In effect, it is proposed that a shipper will be charged for its interruptible capacity on the basis that no curtailment of interruptible capacity had occurred.

Purpose of Proposal

Under existing arrangements, Users do not incur charges for the quantity of entry capacity that is interrupted as a result of a curtailment of interruptible capacity at an ASEP. However, it could be argued that non payment for curtailed quantities may not necessarily reflect the nature of the product. Interruptible capacity being a product with a greater risk of non-availability than firm capacity, could be charged in a manner that better reflects that risk by introducing a need for payment that is not conditional upon the availability of the service. It has also been argued in the recent Ofgem document "The New Gas Trading Arrangements - A review of the new arrangements and further development of the regime - A review and decision document" that the present arrangements for interruptible capacity are discriminatory when compared to firm capacity where no such provision for non-payment exists.

It is anticipated that the effective date for this proposal would be 1 December 2000.

Consequence of not making this change

Shippers will continue to be charged for interruptible capacity in a manner that does not necessarily reflect the risks associated with the product.

Area of Network Code Concerned

Section B.2 System Entry Capacity

Proposer's Representative

Dominic J Harrison (Transco)

Proposer

Tim M Davis (Transco)

Signature

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