

**NETWORK CODE MODIFICATION PROPOSAL 0402**

**SHORT TITLE:** Referral of entry capacity disputes to the Energy Balancing Credit Committee

**DATE:** 23 May 2000

**PROPOSED IMPLEMENTATION DATE:** ASAP

**URGENCY:** Urgent

**JUSTIFICATION:**

The new capacity arrangements introduced on 1 October 1999 provided for the revenues and costs from the daily sale or buy-back of entry capacity to be distributed amongst shippers and Transco.

However, unlike energy disputes that arise between Transco and shippers in the allocation of energy balancing costs or revenues, which can be referred to the Energy Balancing Credit Committee no such referral procedure exists for entry capacity transactions.

This means there is currently no satisfactory procedure for the industry to resolve issues related to both entry Capacity Charges and Capacity Neutrality Charges. This proposal seeks to address this problem.

**CONSEQUENCE OF NOT MAKING THIS CHANGE**

Given the non-payment of entry Capacity Charges and Capacity Neutrality Charges impacts on the distribution of monies between shippers it is prudent that robust dispute procedures are incorporated into the Network Code. Lack of such a dispute procedure undermines the credibility of the entry capacity auction regime. In particular there should be an industry process for dealing with the financial consequences of issues such as manifest errors in bidding for entry capacity.

On 1 June 2000, the capacity regime becomes even more complex with the introduction of the within-day 'capacity flexibility mechanism'. In such an environment there is even greater scope for shippers disputes to arise. It is therefore vitally important that a process for dealing with such disputes within the Network Code is introduced.

**AREA OF CODE CONCERNED:**

Section B, System Use and Capacity and Section Su, Energy Balancing credit Management.

**NATURE OF PROPOSAL:**

It is proposed that all existing and future entry capacity disputes should be referred to the Energy Balancing Credit Committee. This committee shall have powers to resolve entry capacity disputes, similar to current powers in relation to energy balancing.

**PURPOSE OF THIS PROPOSAL**

To provide a satisfactory and cost effective mechanism within the Network Code to deal with entry capacity/capacity neutrality disputes.

**IDENTITY OF PROPOSERS REPRESENTATIVE:**

PROPOSER: Peter Bolitho  
SIGNATURE:  
POSITION: Gas Trading Arrangements Manager  
COMPANY: PowerGen UK plc

**MODIFICATION PANEL SECRETARY'S USE ONLY**

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Candidate Workstream: