

**NETWORK CODE REVIEW GROUP 0100 -**  
**REVIEW OF THE FLEXIBILITY MECHANISM**  
**REVISED REVIEW REPORT**

The remit of the Group was to review the Flexibility Mechanism in the light of operational experience with a view to developing proposals aimed at promoting the efficient and economic operation of the Flexibility Mechanism and the Transco system. Key issues were access to the Flexibility Mechanism for buyers and sellers, the requirement for capacity reservation for flexibility bids, the economic operation of the Flexibility Mechanism in balancing the system, separation of imbalance charges from Flexibility Mechanism costs and changes to AT-LINK functionality.

The Group met on 26 February 1997. Flexibility Mechanism operation and its interaction with daily balancing incentives were discussed, following which a number of specific issues facing the industry were raised by shippers with regard to prices, operations and information. Priority concerns were SAP/SMP prices, the time of balancing action and operational information. OFGAS disclosed that a separate review by Caminus had been commissioned to review the Flexibility Mechanism and examine daily balancing operations.

The Review Group was then put on hold pending the outcome of the review commissioned by OFGAS which is now complete and covered most of the areas highlighted by the Group. Some of the issues raised at the meeting were picked up by subsequent modification proposals, 0138, 0140, 0143, 0144, 0149, 0169, 0181 and 0182.

A further review is anticipated in 1998. In the interim any specific issues arising may be incorporated in the new Energy Workstream.