

9

REVIEW GROUP - TERMS OF REFERENCE

Proposal Ref.0008 - Capacity Booking Multiplier Review

Composition

Simon Griew	}	TransCo
Alan Raper		
Claire Hawkings	}	AGAS
John Harris		BG Trading
Clare Gordon		ENG (Retail)
Robert Barnett		Kinetica
Julian Hucker		Quadrant Gas
Clive Head		

Scope of Review Group

During the development of the capacity booking regime in the CIC workstream, it was agreed that the multipliers associated with the capacity booking incentive charges would be reviewed prior to the 1996/7 winter. The incentive charges are:

- a) Flexibility Overrun Charge (B2.5);
- b) System Entry Overrun Charge (B2.6);
- c) NTS Exit Overrun Charge (B3.6);
- d) Supply Point Ratchet Charge (B4.7);
- e) LDZ CSEP Overrun Charge (B4.8).

In addition, the charge for failure to interrupt (ref G6.9.2) is based on the supply point ratchet charge and it is therefore appropriate to review this charge at the same time. Owing to an oversight this was not noted in the Review Proposal considered by the Modification Panel on 28/3/96.

The role of this Review Group is to undertake a review of these parameters and to propose adjustments to the parameters, if deemed appropriate.

Work to be Undertaken

The Review Group will consider whether the premium multipliers are set at values that provide the correct incentives to book sufficient capacity to meet system security criteria.

Where available and within the limits of commercial confidence, information relating to the experience of the Network Code to date will be analysed. In particular, TransCo will provide information to the Review Group regarding levels of capacity booked on UK-LINK to assist with this process.

Consideration of the flexibility overrun multipliers will take account of the experience of the flexibility mechanism and the impact on the secondary capacity market of the

multipliers.

The product of the Review Group will be a Review Group report for consideration by the Modification Panel.

Time-table

A monthly progress report will be produced for each Modification Panel meeting.

The Review Group will produce the Review Group Report for discussion at the Modifications Panel in August 1996.