

## REVIEW PROPOSAL 0018 ALLOCATION AGREEMENTS

### TERMS OF REFERENCE

#### Composition of workgroup

To date the following have expressed an interest:

Doug Wood	Enron
Simon Goldring	BGT
Mike Young	Alliance
David Cox	Ilex

\*Further Shipper nominations are still being sought\*

Representatives from TransCo would be drawn from development, invoicing, CPM and contract management.

Representatives from major end users may also be available.

Ofgas representative.

#### Proposal

The current regime allows shippers to have shared supply meter points with end users by electing to have a lead shipper act as a facilitator for the allocation. To systematise these types of agreement would involve considerable changes to the UK link.

Before a great deal of systems time is utilised examining the impact of these changes, a review is required to determine the need for such agreements and other possible solutions to systematising the processes.

#### Work to be undertaken

To identify the need for allocation agreements the work group will:

1. Evaluate the likely market requirements for offering such a service. Identify the possible end users who may require such a service and undertake a cost benefit analysis to determine the feasibility of such a service.
2. Investigate the type of allocation agreements that would be required, the number of parties to each one and the methods of allocating the gas to the relevant parties.
3. Look at the wider ranging implications of offering such a service and determine if there are any parallel or similar market sectors (eg electricity) offering such services.

### Limit of scope

This group will only assess the potential market requirements for introducing allocation agreements. It will not investigate the systems implications or any timing issues for modifying systems to facilitate. As such no systems representatives will be included in the review group.

If the review group recommend proceeding in the development of these type of agreements, then it is at this stage, with a new review group proposal, that the systems implications will be investigated.

### Timescales

It is proposed that the workgroup complete their review over a 4 month period to facilitate the gathering of the relevant information. The final report will therefore be timetabled for the October Mod panel.