

FINAL REVIEW GROUP REPORT

REVIEW GROUP 117 : CAPACITY BOOKING AND ASSOCIATED RULES FOR INTERCONNECTORS

Introduction

Review Group 0117R was initiated on 24th April 1997.

The purpose of the Review Group was to review the appropriateness of the Modifications 0117 and 0134 and also to develop the CSEP Ancillary Agreements appertaining to the two Interconnectors as enabled by modification 0117.

Work undertaken

As set down in the Review Group Terms of Reference the group completed the following work;

- Reviewed the content of Modification 0117 and 0134
- Considered the rules which apply to VLDMC supply points and their appropriateness at Interconnectors given their position as one of the largest loads on the Network.
- Considered the capacity rules at supply points with a view to ensuring that capacity users on other parts of the system are not disadvantaged by the review. It was agreed that where appropriate the new sub-CSEP model could be applied to other CSEPs.
- Oversaw the development of Ancillary Agreement terms, ensuring consistency of approach between the two interconnectors. The two agreements are all but identical expect where specifically different conditions apply (Bacton has two way flow for example requiring specific rules).
- Developed rules to promote efficient capacity usage at CSEP Interconnectors through enforced capacity release on none peak days, aggregation of capacity for charging purposes.
- Considered Book it or Lose it, Use it or Lose it and other appropriate methodologies for capacity release. The sub-CSEP methodology developed incorporates the principles of these concepts.
- Reviewed and developed a "bona fide evidence" test to police the booking of capacity to avoid hoarding in the 0117 "none overselling" regime.

- Reviewed the role of an interruptible service, the conclusion of which was a 45 day SNI Service at both Interconnectors.
- Developed rules to allocate gas between firm and interruptible Users in the event of a capacity constraint
- Developed rules to facilitate the designation (mandatory signature by NTS Shippers) of Interconnector Agency Agreements.

Conclusion

A final meeting of Review Group 0117R was held on the 14th August 1998.

The conclusion of the Review Group was the development of CSEP Ancillary Agreements for the GB-Ireland and UK-Continent Interconnectors.

The agreements were approved by Ofgas on the 25th August 1998 for an effective date of the 1st October 1998 and now form part of the Network Code.

Related Documentation and Network Code Modifications

Consultation on Interconnector Issues

Details of issues debated in the group were detailed in Consultation documents which were issued by Ofgas as part of the 0117 process. These documents are;

- February 1998 Shipping arrangements for the interconnectors. A Consultation document.
- Responses to Ofgas consultation document "Shipping arrangements for the Interconnectors". February 1998.
- Shipping arrangements for the interconnectors: Conclusions. June 1998.

Development of Interim arrangements at Moffat

During the Review Group process several modifications were raised to develop the existing allocation methodology in place at the GB-Ireland. These modifications were;

0134 : Interim Irish Interconnector Interruptible Service

- Allowed Transco to offer an Interruptible at Moffat.

0175 : Modification 0134 Extension and Correction proposal

- This modification was introduced to extend the Interruptible service and to deal with the problems faced by the allocation mechanism under modification 0134. This modification made the allocation methodology pro-rata to nominations in all circumstances.

0184 : Revision of Interim Allocation Arrangements at Moffat

- This modification extended the interim solution once again, until March 1998. This modification changed the allocation methodology to distinguish between firm and interruptible users.

0223 : Extension of Interim Allocation Arrangements at Moffat

- Extended the mod 0184 allocation arrangements until 30th September 1998.

Modifications to facilitate the final CSEP Ancillary Agreements

There were also two Network Code modifications identified by the group which were raised to change the Network Code to allow the CSEP Ancillary Agreements to contain some concepts which were key to the operation of the agreements.

0260 : Urgent modification to facilitate CSEP Ancillary Agreements and Shippers Allocation Agent. In summary this modification;

- allowed an Ancillary Agreement with condition 7(4) approval, at a System Entry Point.
- allowed an Ancillary Agreement (rather than the Network Code itself) to provide for condition 7(4) approval.

0261 : Amended the code to allow for the inclusion of arrangements for Stranraer in CSEP Ancillary Agreement for GB-Ireland.

- was required to replace an existing arrangement with BGT.
- allowed Transco to apply for capacity and nominate as a user at Moffat for the purposes of flowing gas through Moffat to Stranraer.

0268 : Urgent modification to amend the default allocation mechanism contained within the CSEP Ancillary Agreements.

Way forward

The Workstream process will be used to facilitate any further modifications to the CSEP Ancillary Agreements.

Transco Recommendation

Transco recommended in the draft Review Group Report that the 0117 Review Group be closed. This recommendation was supported by two Shipper representations from BP Gas and United Gas Services Limited.

Transco therefore recommends that the Panel support the closure of the 0117 Review Group and that future discussion of issues and modifications related to Interconnectors are developed via the Workstream process established to pursue such issues.