

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No.0233

SHORT TITLE: Top-up - Change Value of N from 50 to 20

DATE: 20/4/98

TARGET DATE FOR IMPLEMENTATION: As soon as possible

URGENCY: Non-Urgent

JUSTIFICATION:

The value of N is used as a multiplier in the calculation for the price of the top-up bid price. The current value of N = 50 gives top-up bids in the range of 42 p/KWh at Rough to 129p/KWh at Dynevor Arms (In practice AT Link cannot accept bids greater than 99.9999p/KWh). These bid prices effectively cap the mechanism and potentially distort bidding behaviour leading to unacceptably high prices being paid for gas to balance the system. By reducing N to 20 it is hoped to limit these high prices.

CONSEQUENCE OF NOT MAKING THIS CHANGE:

There is a potential for gas at artificially high prices being purchased via the flexibility mechanism.

AREA OF NETWORK CODE CONCERNED:

Section P 5.3

NATURE OF PROPOSAL:

In Section P paragraph 5.3 change "N is 50" to "N is 20"
No other legal drafting is required.

PURPOSE OF PROPOSAL:

The proposal should reduce the cost of balancing the system thus facilitating more economic operation of the system. The level of the Top-up bid price should still provide sufficient incentive for Suppliers to ensure that domestic supply security standards are maintained.

IDENTITY OF PROPOSER'S REPRESENTATIVE:

Richard Robinson.

PROPOSER : John Lockett

SIGNATURE:

POSITION: Commercial Manager Network Code

COMPANY: Transco

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0233

Date Received: 30/04/98