

Draft Modification Report
Modification Reference Number 238

This draft Modification Report is made pursuant to Rule 7.4 (a) of the Modification Rules and follows the format required under Rule 8.12.4.

1. The Modification Proposal:

The changes to this year's storage regime mean that Rough deliverability will be in shippers' hands through one of three routes -

- firm deliverability
- "standard" interruptible deliverability (2% of space booked)
- "special services" deliverability

It is both the intention and expectation of the community that on any day the full nominal capacity of Rough (i.e. 455 GWh) should be accessible by shippers through one of these routes, and that in ensuring this the "special services" may even give access on a "use it or lose it" basis, perhaps by an auction.

Hence it is appropriate that Allocated Storage Deliverability is re-defined as the sum of the Allocated Storage Deliverability in respect of usable deliverability at Hornsea and LNG sites plus the Total Storage Deliverability in respect of Rough (defined in R2.1.5).

In respect of Top-Up space the exclusion relating to interruptible space should be deleted, as the revised storage rules admit the use of gas in this space at any demand level.

2. Transco's opinion:

Various changes to the existing Top-Up regime and rules are now both appropriate and necessary, in the light of the abolition of the V-factor and this year's changes to the Rough storage regime.

The existing rules on calculating Top-Up define the Top-Up Deliverability Requirement and the Top-Up Space Requirement in terms of deficits (if any) after taking account of Allocated Storage Deliverability and Allocated Storage Space respectively (P2.2.1). In P2.2.2, Allocated Storage Deliverability is defined as the aggregate amount of Storage Deliverability allocated to Users (other than to Transco for Operating Margins or Balancing Margins purposes) and excluding Special Storage Deliverability; and Allocated Storage Space is defined similarly with the additional qualification that it excludes "Interruptible Storage Capacity".

These changes have been considered at the last two meetings of the Planning & Security Workstream and both commanded unanimous support.

This modification is required to minimise the cost of Top-Up for shippers whilst retaining the same level of security of supply. Transco supports this modification as it will reduce costs for all system users without compromising security of supply.

3. **Extent to which the proposed modification would better facilitate the relevant objectives:**

The modification will enable Transco to discharge its obligation to provide incentives for suppliers to meet the domestic security standard more efficiently (Conditions 7b and 7d)

4. **The implications for Transco of implementing the Modification Proposal, including:**

a) **implications for the operation of the System and any BG Storage Facility:**

There are no direct implications.

b) **development and capital cost and operating cost implications:**

There are no implications.

c) **extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:**

There are no additional costs.

d) **analysis of the consequences (if any) this proposal would have on price regulation:**

There is no impact.

5. **The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal:**

None

6. **The development implications and other implications for computer systems of Transco and related computer systems of Relevant Shippers:**

None

7. **The implications of implementing the Modification Proposal for Relevant Shippers:**

Shippers with firm gas customers will see a reduction in their Balancing Neutrality costs.

8. **The implications of implementing the Modification Proposal for terminal operators, suppliers, producers and, any Non-Network Code Party:**

No implications.

9. **Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each Relevant Shipper and Non-Network Code Party of implementing the Modification Proposal:**

No implications.

10. **Analysis of any advantages or disadvantages of implementation of the Modification Proposal:**

Advantages: This proposal reduces the cost of Balancing Neutrality to shippers by reducing the level of Top-Up booking required to meet the security standards.

Disadvantages: There are no disadvantages

11. **Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report):**

Not applicable

Transco Response:

12. **The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation:**

None

13. **The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 3(5) of the statement; furnished by Transco under Standard Condition 3(1) of the Licence:**

None

14. **Programme of works required as a consequence of implementing the Modification Proposal:**

None

15. **Proposed implementation timetable (inc. timetable for any necessary information systems changes):**

Draft Modification Report issued for representations on 10/8/98
Representations close out on 4/9/98
Final Modification Report to Ofgas by 11/9/98
Ofgas decision by 30/9/98
Implementation 1/10/98

16. **Recommendation concerning the implementation of the Modification Proposal:**

Transco recommend that this modification be implemented

17. **Text provided pursuant to Rule 7.3:**

Section P2.2.1(ii)

Redraft as follows:

"(ii) whether, and if so the amount (the "**Top-up Deliverability Requirement**") by which the sum of

(a) Allocated Storage Deliverability in all Storage Facilities (excluding the Storage Deliverability associated with the Top-up Constrained Space Requirement(s), (if any), and

(b) the maximum quantity of gas that the Storage Operator determines can be withdrawn from the Rough Facility in a period of 24 hours less Allocated Storage Deliverability at the Rough Facility

is less than the Storage Deliverability Requirement;"

Amend Section P2.2.2

Delete "other than under Interruptible Storage Capacity,".

Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report.

Signed for and on behalf of Transco.

Signature:

John Lockett
Manager, Network Code

Date:

7.8.98

**AMENDMENT TO LEGAL TEXT
NETWORK CODE MODIFICATION NO: 0238**

REVISED METHODOLOGY FOR TOP-UP CALCULATION

Section P2.2.1(ii)

Redraft as follows:

"(ii) whether, and if so the amount (the "**Top-up Deliverability Requirement**") by which the sum of

- (a) Allocated Storage Deliverability in all Storage Facilities (excluding the Storage Deliverability associated with the Top-up Constrained Space Requirement(s), (if any), and
- (b) the maximum quantity of gas that the Storage Operator determines can be withdrawn from the Rough Facility in a period of 24 hours less Allocated Storage Deliverability at the Rough Facility

is less than the Storage Deliverability Requirement;"

Amend Section 2.2.2

Delete "other than under Interruptible Storage Capacity,".