

Urgent Modification Proposal 0243/0243a

Revision of Rough Services Decision

22 September 1998

Present Position

At present, whenever storage users book capacity they have to pay for a whole storage year's worth of capacity regardless of the month it is booked in. Storage users also have to pay interest on the period from May 1 until the booking has been made. A number of storage users believe that this unfairly discourages them from booking unsold capacity after the start of the storage year, and hence prevents economic access to storage. They also believe that BG Storage should accept the risk associated with failure to meet a properly nominated withdrawal, and feel that the absence of penalties on BG Storage to deliver leaves all balancing risk with shippers.

Proposal

Modification 243¹ proposed that:

- rules designed to prevent or deter booking of storage capacity after the start of the storage year should be removed, namely those stating
 - that interruptible capacity cannot be booked after 30 November;
 - that higher charges are payable for late booking;
 - the rules defining the penalty to be paid; and that
- the protection afforded to Transco for failure to meet a properly nominated withdrawal should be removed, and correspondingly, the provision relating to force majeure should also be removed.

Modification 243(a)² only contained the proposals to remove the date after which interruptible capacity cannot be booked and the interest charge presently levied on late booking.

Possible Impact on Customers

There is no direct impact on customers. However, to the extent that these changes provide greater access to gas at peak times and reduce shippers' balancing costs, customers might benefit from lower gas prices.

Ofgas' Decision

There was little shipper support for modification 243 since shippers considered that aspects of the modification would undermine the value of the storage services already purchased in the current storage year. The more limited proposals contained in modification 243(a) were supported by shippers. Ofgas has accepted this proposal.

¹ This modification was submitted by Enron on behalf of AGAS, Alliance Gas, Dynegy and Shell Direct as well as itself.

² This counter modification was proposed by BG Storage.

Further Information

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