Draft Modification Report
Changes to Monthly system Entry Capacity Calculation for February 2001 Auction
Modification Reference Number 0445

Version 4.0

This Draft Modification Report is made pursuant to Rule 7.3 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

The Proposal is that effective from 19 January 2001, the Network Code should be amended to specify that the date by which MSEC quantities are determined will be not later than 31 December in the Preceding Year (B2.2.1). It should be noted that a transitional arrangement is proposed such that the initial quantities will be determined not later than 19 January 2001.

It is also proposed that the period considered for historic determination of Aggregate System Entry Point (ASEP) gas flow should be a 36 month period ending on 30 November in the Preceding Year (B2.2.4).

Transco would also welcome comments on the continuing validity of an MSEC allocation based on 110% of Seasonal Normal Demand (SND).

2. Transco's Opinion

Transco has raised this Modification Proposal to accompany Modification Proposal 0444 which proposes changing the capacity period offered in MSEC and MISEC auctions to 12-months starting on 1 April 2001. If that proposal is approved it will be necessary to publish MSEC and MISEC quantities for the 12-month period from 1 April 2001 through to 31 March in the following year. This Modification Proposal will enable that outcome and will also enable the allocation of capacity to each Aggregate System Entry Point (ASEP) to be based upon historic gas flow for a 36-month period up to 30 November.

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

The Modification Proposal is intended to enable the MSEC quantities determined in the Network Code to be determined at a time that is in keeping with an annual entry capacity release that is proposed to be held in February of each year. The use of up to date information and timely publication of the material will tend to foster efficient operation of the pipeline system.

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

a) implications for the operation of the System:

There are unlikely to be any implications for the operation of the system.

b) development and capital cost and operating cost implications:

No development costs are required to implement this proposal and operating costs are expected to remain unchanged.

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:

No such costs have been identified.

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

No such consequences have been identified.

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

Transco does not anticipate any change to contractual risk as a result of this proposal.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

No development implications are anticipated.

7. The implications of implementing the Modification Proposal for Users

The Modification Proposal would enable Users to be informed of the quantities of MSEC to be offered for the 12-month period from 1 April. The allocation of MSEC quantities to each ASEP would also be based upon a revised method that takes into account more up to date gas flow information.

8. The implications of implementing the Modification Proposal for Terminal Operators,Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No implications are anticipated.

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

If implemented, the proposal will enable Transco to publish the 12-month capacity availability that is necessary to operate monthly capacity auctions for a period longer than 6-months. If the proposal is not implemented but Transco are directed to implement Modification Proposal 0444 then Transco will potentially be placed in breach of the Network Code.

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

Advantages

Enables Transco to comply with the Network Code if it is directed to implement Modification Proposal 0444 " Extend capacity period sold to 12-months in MSEC and MISEC auctions of February 2001".

Enables the allocation of MSEC capacity to each ASEP to be based upon an up to date gas flow profile.

Disadvantages

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

Representations are sought regarding the content of this proposal. Transco also welcomes respondents views on the appropriateness of continuing with the present methodology for determination of MSEC quantities for the auctions of February 2001. Thereafter Transco believes that primary capacity allocation should be discussed in parallel with the Transco Periodic Review and possible developments for long term capacity allocation.

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

Not applicable.

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

Not applicable.

14. Programme of works required as a consequence of implementing the ModificationProposal

Not applicable.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

If approved, it is anticipated that this proposal could be implemented on 19 January 2001.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommend that this proposal should only be considered for approval if Modification Proposal 0444 is to be approved at the same time.

17. Text

SECTION B: SYSTEM USE AND CAPACITY

Amend paragraph 2.2.1 to read as follows:

"Not later than 31st December in the Preceding Capacity Year, Transco will….for each calendar month in the Capacity Year….".

Amend paragraph 2.2.3 to read as follows:

"….in the Capacity Year:".

Amend paragraph 2.2.4 to read as follows:

"….

N ….in the 36 period ending on 30th November in the Preceding Capacity Year;

PR ….for the Gas Year in which the calendar month falls (the "**ASEP**….".

Amend paragraph 2.2.5 to read as follows:

"….in the Capacity Year:".

TRANSITION DOCUMENT, PART II

Amend text at new paragraph 8.1.2 to read as follows:

"(12) In respect of the Capacity Year 2000/2001 the reference in Section B2.2.1 to 31st December shall be deemed to a reference to 19th January.

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:

Tim Davis
Manager, Network Code

Date: