

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0635**  
**"Changes in Gas Supply Emergency Arrangements"**  
**Version 1.0**

**Date:** 13/06/2003

**Proposed Implementation Date:** 01/09/2003

**Urgency:** Non-Urgent

**Justification**

Following discussions in the Commercial Implications Work Group (CIWG) of the Gas Industry's Emergency Committee, Transco agreed to raise this Modification Proposal. It was agreed that raising this Proposal would facilitate industry consultation on whether the Network Emergency Coordinator (NEC) should have discretion over suspension of normal balancing arrangements during Stage 2 of a Network Gas Supply Emergency Gas Deficit Emergency (GDE).

**Nature of Proposal**

It is proposed that the present arrangements for a GDE be changed as follows:

- During Stage 2 of a GDE, at which the NEC would be seeking to maximise gas supplies at one or more System Entry Points, the NEC would have discretion on whether Transco would retain the option of using the Trading System for system balancing purposes on that Day. If this were the case the cash-out price derivation would remain unchanged in respect of that Day. With the exception of Users directly affected by an instruction from the Transco to the Operator of a Storage Facility, the claims review procedure would not apply if the normal commercial arrangements were not suspended.
- In the event that the NEC did proceed to Stage 3, normal commercial arrangements would be suspended and the present cash-out arrangements (ie priced at the previous 30 days average SAP) applying to GDE's would be applied.

**Purpose of Proposal**

Providing the NEC with discretion over suspension of normal balancing arrangements might lead to additional availability of gas at System Entry Points. Therefore implementation of this Modification Proposal would increase the ability of the NEC to avoid the later stages of a GDE thereby facilitating more efficient and economic operation of Transco's pipeline system.

**Consequence of not making this change**

The NEC would continue to have no discretion in respect of suspension of normal commercial arrangement during the period when it was trying to maximise gas input, including "non contracted" gas, at System Entry Points.

**Area of Network Code Concerned**

Section Q: Emergencies

**Proposer's Representative**

John J Bradley (Transco)

**Proposer**

Nigel K Sisman (Transco)

**Signature**

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