

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0647
"Transitional Arrangements to facilitate the change of status of the Isle of Grain
Storage Facility to a LNG Importation Terminal"
Version 2.0

Date: 10/09/2003

Proposed Implementation Date: 01/03/2004

Urgency: Non-Urgent

Justification

It has been proposed within Modification Proposal 0639 "Isle of Grain: Changes of Status from Storage Facility to Importation Terminal", that the Isle of Grain Storage Facility would change status and become a LNG Importation Terminal. A Modification to the Network Code is therefore required to enable the part-year operation of LNG storage services from the commencement of 2004/5 Storage Year until the date that the Isle of Grain Storage Facility would cease to be a Storage Facility (the "Effective Date").

Nature of Proposal

For the 2004/5 Storage Year, it is proposed that transitional LNG storage services be made available at the Isle of Grain Storage Facility until the Effective Date.

It is further proposed that under the transitional storage services procured:

- There would be no carry-over provisions for gas-in-storage with effect from the Effective Date; and
- Mandatory Withdrawals would apply unless alternative arrangements had been made between the Users concerned and parties that had secured a service at the Isle of Grain LNG Importation Terminal with effect from the Effective Date.

Purpose of Proposal

Implementation of this Proposal would ensure that LNG Storage Services were made available to shippers for as long as possible in the run-up to importation. This is consistent with facilitating effective competition between relevant shippers and relevant suppliers.

Consequence of not making this change

Implementation of Modification Proposal 0639 would produce an ambiguity within the Network Code in respect of LNG Storage Services for the period between the Effective Date and the end of the 2004/5 Storage Year. This could only be resolved by solutions such as Transco LNG Storage offering LNG Storage Services at the Isle of Grain Storage Facility for the full 2004/05 Storage Year and delaying the development of Isle of Grain as a LNG Importation Terminal.

Area of Network Code Concerned

Section R: Storage, Section Z: Transco LNG Storage.

Proposer's Representative

John Bradley (Transco)

Proposer

Mike Calviou (Transco)

Signature

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