

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0658
"Interruption Transfer Service"
Version 1.0

Date: 13/10/2003

Proposed Implementation Date: 01/12/2003

Urgency: Non-Urgent

Justification

Prevailing interruption business processes may lead to the interruption of certain loads when other loads might, in terms of value to the Shipper, be capable of satisfying the interruption requirement. Whilst under these circumstances such transfer of interruption can occur with an individual Shipper portfolio it cannot take place between different Shippers. This Modification Proposal is designed to afford the opportunity for such interruption transfer, therefore this Proposal aims to provide the 'Market' with a greater opportunity to maintain supplies to sites that place a higher value on such gas-supply being maintained.

Nature of Proposal

Under prevailing interruption arrangements where Transco has nominated interruption of an interruptible supply point a Shipper may elect an alternative supply point, within their portfolio, to fulfil the interruption obligation or to transfer interruption to a designated 'buddy' site. This Proposal seeks to extend the prevailing interruption arrangements to facilitate greater freedom for shipper-to-shipper transfer of interruption obligations.

Processes for the proposed service will broadly operate such that, in the event that interruption is required Transco may issue an Interruption Notification in respect of interruptible supply points selected by Transco. The Interruption Notification provides a list of Transco selected supply points and a list of alternate supply points and the volume required to be interrupted.

In response to the Interruption Notification the Primary Shipper must notify Transco of the supply points and volumes that are to be interrupted, or of its intention to fulfil its interruption obligation by transferring part or all its interruption requirement to one or more Alternative Shippers. Such a notification will include the volume of interruption to be transferred.

By notification to Transco any Alternate Shipper must confirm the supply points, and volumes, that are to be interrupted in response to the transfer of interruption from the Primary Shipper.

Transco reserves the right not to accept an Alternate Interruption Notification if the Shipper name or interruption volumes are not consistent with the Confirmation Notification received from the Primary Shipper. In the event that the Alternate

Shipper does not issue a valid Alternate Interruption Confirmation Notice Transco will designate the initially selected Primary Shippers site/sites to satisfy the interruption obligation.

Upon the Alternate Shipper issuing the Alternate Interruption Confirmation the Alternate Shipper will be liable for failure to interrupt charges. In the event that the Alternate Interruption Confirmation has not been received by Transco, the Primary Shipper will be liable for failure to interrupt charges.

In order to ensure that the impact of such a service, on the efficiency and effectiveness of the interruption process, is minimised it is proposed that a register is set up and only Shippers registered to the service permitted to participate.

Under prevailing Network Code conditions Transco has a requirement to maintain sufficient days of interruption at each interruptible supply point, to maintain an acceptable confidence that security of supply can be achieved. Two options have been identified for supply points identified on Alternate Interruption Confirmation Notices;-

1. Transco will accept all Alternate Interruption Confirmation Notices, subject to locational constraints on Supply Points and consistency with an Interruption Confirmation Notice from a Primary Shipper. The interruption will count as a day of Transco interruption in respect of the Primary Shippers supply point initially elected by Transco.
2. Transco will retain the right not to accept Alternate Interruption Confirmation Notices on the grounds that sufficient days of interruption must be maintained across appropriate locations to maintain security of supply, but the supply point that is physically interrupted will count as a day of Transco interruption.

Purpose of Proposal

The Proposal affords greater opportunity to develop incremental services that might deliver a better 'market solution' in respect of the determination of which sites might satisfy interruption requirements. This is consistent with the provision of the securing of effective competition between relevant shippers and between relevant suppliers.

Transco will seek to solicit views during the consultation process as to how the interruption count for Network Code Interruption Allowance purposes would be calculated should this Proposal be implemented.

Whilst Transco's business processes propose an initial site (or sites) selection in the event that interruption is required, this Proposal, if implemented, would enable the interruption obligation to be transferred to another site/sites. Possible options for maintaining the days interruption count for the purpose of Interruption Allowance compliance are;

1. that no interruptible supply point day count is incremented

2. to increment the count of the supply point or points suggested for interruption in the Interruption Notification.
3. to increment the count of those supply points that are confirmed for interruption by the relevant Alternate Shippers via the acceptance of the Alternate Interruption Confirmation Notice.

If the latter is selected then Transco would have to retain discretion to reject such interruption if it was to consider that it might subsequently be required to exceed the Interruption Allowance at the supply point. Transco would therefore seek views as to the Preferred option in the consultation before forming any recommendation with respect to this Proposal.

Consequence of not making this change

Reduces the opportunity for the development of 'market' driven opportunities within the gas system. Shippers choice for interruption of alternative supply points will be restricted to sites within their portfolio only.

Area of Network Code Concerned

Network Code areas where modification is proposed :-
Section G paragraph 6.

Proposer's Representative

Nigel Sisman (Transco)

Proposer

Mike Calviou (Transco)

Signature

.....