TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0680

"Recompense in the Event of Late Completion of Works for New System Entry Points"

Version 3.0

Date: 12/12/2003

Proposed Implementation Date: 01/02/2004

Urgency: Non-Urgent

Justification

In the event that Transco is late in completing a connection that it has undertaken to build between a new System Entry Point and its gas transmission system, Transco has no obligation under Network Code to accept gas tendered for delivery by the Users that have purchased capacity at that System Entry Point. There is thus no mechanism under such circumstances to provide recompense for an inability to flow gas against a User's capacity holding. For existing System Entry Points, Transco is obliged to manage capacity through the current provisions of Network Code Section B (2.8, 2.10 & 2.11). The provisions provide for processes that enable Users to surrender System Entry Capacity at specific System Entry Points so that Transco can manage the aggregate quantity of System Entry Capacity that is available on a day at each System Entry Point.

This Proposal seeks to provide a mechanism to enable recompense for the non-availability of System Entry Capacity should the connection to a new System Entry Point by Transco be delayed beyond an agreed delivery date for first gas flow.

Nature of Proposal

It is proposed that for each gas day for which gas can not be accepted for delivery prior to first gas flow in accordance with previously allocated System Entry Capacity due to non-completion by Transco of the connection between a new System Entry Point and the gas transmission system, relevant Users will not be invoiced for its allocated System Entry Capacity at the System Entry Point. This does not include circumstances where third party works (excluding Transco sub-contractors) are not complete that are required to allow gas to be accepted for delivery, regardless of whether Transco works are complete.

Purpose of Proposal

The Proposal is intended to provide a mechanism to enable recompense to a User in the event that Transco is late in completing a connection to a new System Entry Point. This would maintain incentives on Transco to complete connections for new System Entry Points in a timescale that is consistent with the commitments given when System Entry Capacity is released. Incentives to facilitate the timely connection of new System Entry Points would further the economic and efficient operation of the transportation system.

Consequence of not making this change

Users may decline to bid in the LTSEC auctions for capacity at proposed new System Entry Points due to financial uncertainties arising from potential late completion of a connection which results in an inability to make use of the new System Entry Point on the scheduled start date. This could frustrate the development of new System Entry Points.

Area of Network Code Concerned

Section B

Proposer's Representative

Paul Roberts (Transco)

Proposer

Mike Calviou (Transco)

Signature

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