TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0697

"Revision to Notice and Temporary Supply Arrangements in the Event of Programmed Maintenance"
Version 2.0

Date: 14/05/2004

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

The requirement for Transco to be relieved of their obligation to make gas available for offtake in order to carry out maintenance is acknowledged as being necessary. However, it is clear that in certain circumstances this could cause severe disruption or worse to end users if applied without discretion.

It is understood that Transco have recently updated their internal operating procedures to ensure that each situation is carefully evaluated and a consistent approach is adopted. Whilst this is welcome, it is an internal procedure and not open to debate or challenge.

In the interests of transparency, measures to facilitate safeguarding consumers faced with disruption to their supplies should initially be included within Transco's Network Code.

Under the proposed unbundling of NGT's Distribution Networks, any new owners of the networks will not be bound by Transco operating procedures and so including provisions now within the NWC, which is likely to develop into a Universal Network Code, will safeguard consumers faced with disruption to their supplies on a national, non-discriminatory and consistent basis.

Nature of Proposal

It seems reasonable to give some protection to industrial and commercial customers who may face disruption to their supply.
It is proposed that section L.4.2 is modified to include the following provisions:

For supply points consuming more than 732,000 kWh/annum:

<u>Notice</u>

In addition to the prescribed minimum notice periods, Transco should give notice as soon as is reasonably practicable.

<u>Temporary Supply</u>

Transco should provide on a reasonable endeavours basis, optional, alternative temporary supply at a reasonable cost to the customer.

Purpose of Proposal

The proposal would facilitate security of supply by putting the appropriate incentives on Transco to maintain gas availability. Security of supply would lead to more liquid markets which, ultimately, would feed through to lower prices to customers.

The proposal would also facilitate the relevant Code objective (c) the securing of effective competition between relevant shippers and relevant suppliers.

Though ensuring all customers are treated on an equal footing in a transparent and consistent manner, competition cannot be undermined and shippers in one DN area would be prevented from achieving any unfair commercial advantage over another by means of benefiting from different maintenance procedures.

This modification would avoid any undue fragmentation through ensuring that there is one rule to apply across all networks under a single unified network code scenario.

Consequence of not making this change

Certain industrial & commercial consumers would face severe difficulties if supplies were lost even for short periods. Consumers in this category would be largely unprotected in the event that there was a disruption to their supply as shippers cannot provide any protection without the co-operation of the Transporter.

It is the Transporter who ultimately provides the supply and makes the decision on whether or not to carry out maintenance. Under the current arrangements the shipper has no rights to any alternative supply.

Area of Network Code Concerned

Section L

Proposer's Representative

Christiane Sykes (PowerGen UK plc)

Proposer

Christiane Sykes (PowerGen UK plc)

Signature

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