

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0722
"Amendment of Network Entry Provisions at Hornsea Entry Point"
Version 1.0

Date: 07/10/2004

Proposed Implementation Date: 01/11/2004

Urgency: Non-Urgent

Justification

SSE Hornsea Limited ('Hornsea') requires a change to its Network Entry provisions as set out in its Storage Connection Agreement to align any changes in entry conditions at other Network Entry Points with those in operation at the Hornsea Entry Point.

The Hornsea exit point takes gas (injects) from the NTS. Hornsea needs to ensure that the prevailing entry conditions (withdrawals) are aligned with any changes to NTS Network Entry Provisions at other Network Entry Points. Otherwise, it is possible that gas injected into Hornsea from Winter 04/05 could be of a specification that would not be accepted for re-delivery into the NTS due to the current Hornsea entry provisions as specified in its Storage Connection Agreement.

If Transco were to reject gas entering the NTS from Hornsea, even though it had already accepted such gas into the NTS from other Network Entry Points, this could lead to discrimination against Hornsea Users and have significant implications for the security of gas supplies. Recent modifications to other Network Entry Agreements will facilitate the delivery of lower Wobbe gas supplies to the NTS. The Hornsea exit point (where gas is injected into the storage facility) takes gas from the NTS and therefore it is possible that, at some time during injection operations, gas of a lower Wobbe limit will enter the Hornsea facility. Hornsea has a lower Wobbe limit that is higher than other Network Entry Points. Hornsea must ensure that gas re-delivered from its facility to the NTS complies with its entry provisions as set out in its Storage Connection Agreement.

This modification seeks to further the relevant objectives by securing effective competition between relevant shippers by removing any undue discrimination between Hornsea and other Network Entry Points. It would also facilitate the efficient and economic operation of the pipeline system by removing the possibility of out of specification gas being redelivered at the Hornsea Entry Point.

This Proposal has been raised in accordance with the provisions of Section I2.2.3 which require amendment of Network Entry Provisions by way of a Network Code Modification, once Transco and the Delivery Facility Operator have agreed to change the Network Entry Provisions and to incorporate these in a Network Entry Agreement, (which for the purposes of this proposal are set out within the Storage Connection Agreement).

Nature of Proposal

It is proposed that the gas entry provisions, which form part of the Network Entry Provisions for the Hornsea System Entry Point, would be amended as follows:

Current Gas Quality Specification: Hornsea Wobbe Lower Limit 48.14 MJ/m³
Proposed Gas Quality Specification: Hornsea Wobbe Lower Limit 47.20 MJ/m³

Purpose of Proposal

Implementation of this modification would secure effective competition between relevant shippers by not giving rise to undue discrimination. This is achieved by ensuring Users at Hornsea are not discriminated against, by ensuring consistent gas entry conditions. Hornsea considers the efficient and economic operation of the pipeline system will be further facilitated by removing the possibility of out of specification gas being re-delivered at the Hornsea entry point, where at another entry point, that gas would be deemed to be within specification. The purpose of the proposal is also important in respect of security of supply and maximising gas availability.

Consequence of not making this change

Should this modification not be made, it is possible that gas injected into the Hornsea storage facility could be of a specification that could not then be redelivered into the NTS. This reduced supply of gas will distort competition in the provision of gas balancing and other system services that Transco must procure to operate the system.

Area of Network Code Concerned

Section I

Proposer's Representative

Katherine Marshall (Scottish And Southern Energy plc)

Proposer

Duncan Williams (Scottish & Southern Hornsea Limited)

Signature

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