

**Draft Modification Report**  
**Bring forward AMSEC auctions to January to allow for two months notice of any changes in charges**  
**Modification Reference Number 0646**  
Version 1.0

This Draft Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

## **1. The Modification Proposal**

The Proposal is that Annual MSEC auctions would be held in January each year to cover the period from 1 April to 31 March each year to allow two months notice of any consequential changes in charges to take effect from April. In addition, Transco would be required to publish an indicative maintenance schedule at least one week prior to the Annual MSEC auctions in January, although preferably in December.

## **2. Transco's Opinion**

Transco supports implementation of the Proposal because it agrees with the proposer that it enables any potential transportation charge adjustment arising from entry capacity auctions to be implemented in a timely manner and in accordance with Network Code rules governing revision to the Transportation Statement. Specifically, Section B1.8 of the Network Code requires that 2 months notice is provided before implementing any changes to transportation charges.

Transco recognises that auction participants attach value to the draft April Maintenance Programme. Although this proposal does not propose a specific date by which the draft Maintenance Programme should be published Transco suggests this draft should now be issued by 1st January rather than the current Network Code defined draft publication of 1st February. It should be recognised by entry capacity auction participants that earlier publication of the draft April Maintenance Programme introduces a level of additional uncertainty to the programme content.

## **3. Extent to which the proposed modification would better facilitate the relevant objectives**

The Proposer states that the Proposal furthers relevant objectives by securing the effective competition between relevant shippers and relevant suppliers by increasing the certainty in costs and charges during the tendering process.

## **4. The implications for Transco of implementing the Modification Proposal , including** **a) implications for the operation of the System:**

Transco considers there to be no such implication.

**b) development and capital cost and operating cost implications:**

Transco considers the Proposal to have no cost implications.

**c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:**

No additional costs are expected.

**d) analysis of the consequences (if any) this proposal would have on price regulation:**

Transco considers there to be no such consequence.

**5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal**

Transco anticipates that implementation of the Modification Proposal would have no such consequence.

**6. The development implications and other implications for computer systems of Transco and related computer systems of Users**

Transco is unaware of any such implications.

**7. The implications of implementing the Modification Proposal for Users**

Transco would welcome representations in this respect.

**8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party**

Transco would welcome representations in this respect.

**9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal**

No such consequences are envisaged.

**10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal**

Advantages:

1. Avoidance of further Modification Proposals to implement short notice transportation charge rate revision resulting from possible entry capacity auction revenue over or under recovery;
2. Alignment where necessary of charge adjustments to match the capacity year April to March.

Disadvantages:

1. Earlier publication of the draft April Maintenance Programme introduces additional uncertainty over the programme content.

**11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Transco now seeks responses to this draft Modification Report.

**12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation**

No such requirement exists in respect of the Modification Proposal.

**13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence**

No such requirement exists in respect of the Modification Proposal.

**14. Programme of works required as a consequence of implementing the Modification Proposal**

Transco does not anticipate any system development as a consequence of implementing this Modification Proposal.

**15. Proposed implementation timetable (including timetable for any necessary information systems changes)**

Draft Modification Report circulated - 12th September

Consultation period ends - 3rd October

Final Modification Report issued - 17th October

Ofgem decision expected - late October

Effective date for implementation of Proposal - 1st November 2003

## 16. Recommendation concerning the implementation of the Modification Proposal

## 17. Text

### SECTION B: SYSTEM USE AND CAPACITY

*Amend paragraph 2.2.1 (b) to read as follows:*

#### 2.2.1

...

(b) not earlier than 1 January and not later than 31 January in a Capacity Year, Transco will invite, and Users may make, applications for Monthly System Entry Capacity in respect of each Aggregate System Entry Point for the period specified in paragraph 2.2.2 (a);

### SECTION L: MAINTENANCE AND OPERATIONAL PLANNING

*Amend paragraph 1.5 (a) (ii) to read as follows:*

#### 1.5

(a) ...

(ii) by 1st January, Transco will publish a draft of the Maintenance Programme in accordance with paragraph 3.3.1 (i);

***Representations are now sought in respect of this Draft Report and prior to Transco finalising the Report***

Signed for and on behalf of Transco.

Signature:

**Mike Calviou**  
**Commercial Frameworks Manager**  
**NT & T**

Date: