

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0541**  
"Inclusion of Unsold Baseline Capacities in Day Ahead Capacity Auctions"  
Version 3.0

**Date:** 08/03/2002

**Proposed Implementation Date:** 01/04/2002

**Urgency:** Urgent

### **Justification**

Transco anticipates that revised System Operator Incentives will be implemented with effect from 1 April 2002. The implementation of these incentives is anticipated to be via Gas Transporter (GT) Licence amendments. However, these Licence amendments will not be in place before 1 April. Transco, therefore seeks Urgent status for this Network Code Modification Proposal to ensure that these revised arrangements can be put into effect on a transitional basis by the due date, but via the Network Code rather than Transco's GT Licence.

This Modification Proposal is required to facilitate the implementation of Ofgem's proposals in respect of Transco's NTS System Operator incentive scheme by enabling Transco to fulfil its anticipated obligation to offer any remaining unsold baseline capacity at the day ahead stage. Accordingly, it is proposed to amend the Network Code such that the calculation of quantities to be offered for sale reflects the residual baseline capacity. This revised calculation would apply for the day before the gas flow day. The allocation would be conducted through the existing Daily System Entry Capacity allocation process.

### **Nature of Proposal**

The purpose of this proposal is to amend the existing Network Code rules for determination of the amount of Daily System Entry Capacity to be offered for sale such that it includes any unsold baseline capacity which will be offered for sale in auctions held at the day ahead stage. Revenues from such sales of baseline capacity would count towards TO Allowed Revenue as described in Modification Proposal 0539.

### **Purpose of Proposal**

The purpose of this proposal is to change the amount of Daily System Entry Capacity offered for sale at the day ahead stage with effect from 1 April 2002. This is in anticipation of changes to be proposed by Ofgem through Licence amendments. These changes would facilitate compliance with the relevant objective contained within Standard Condition 9(1)(b), i.e. the efficient discharge, by Transco, of obligations under its GT Licence.

### **Consequence of not making this change**

If this change is not implemented then the Network Code would not be consistent with proposed changes to Transco's GT Licence.

**Area of Network Code Concerned**

B2

**Proposer's Representative**

Russell D Cooper (Transco)

**Proposer**

Tim M Davis (Transco)

**Signature**

.....